CALIFORNIA
REGIONAL ECONOMIES PROJECT

ECONOMIC PROFILE: GREATER SACRAMENTO REGION

Prepared for the

CALIFORNIA ECONOMIC STRATEGY PANEL

DECEMBER 2007

California Economic Strategy Panel

Principal Researcher & Author

Janet Maglinte

Acknowledgements

The Panel acknowledges the contributions of the Labor Market Information Division of the California Employment Development Department and, notably, Janet Austin, John Milat, Mary Rippey, Paul Wessen and Spencer Wong.

PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Greater Sacramento Region from 2001 to 2005. The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002 and the 2001-2004 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions had been significantly redefined by 1998, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide,* is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings. With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic base reports, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

TABLE OF CONTENTS

INTRODUCTION

The California Regional Economies Project provides data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions, and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Greater Sacramento Region's economy from 2001 to 2005. The previous economic base reports examined the 1990-2002 and the 2001-2004 periods. The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/.

Data Sources

The Quarterly Census of Employment and Wages (QCEW) data is the source for the private industry data, which uses the North American Industry Classification System (NAICS) coding system. The Current Employment Statistics (CES) data is the source for all levels of government employment data. The CES data does not offer wage information, so the government wage information in this report was taken from the federal Bureau of Labor Statistics (BLS) QCEW non-confidential data available online. A more detailed explanation of the data sources is available in the statewide report.

Industry Clusters versus Sectors

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care.

An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Project adds additional considerations that focus on employment opportunities for regional residents.

Definition of the Economic Base Industries

Economists divide industries into two groups; export-oriented and local-serving (also referred to as population-driven). Export-oriented industries are industries that sell a large portion of their goods and services to people and businesses in markets outside of the region, creating capital (bringing capital into) the region. Local-serving industries are industries that sell their goods and services to people and businesses in markets within the region. These industries do not typically create new capital for the region, but recirculate it within the region.

In the economic base reports completed in 2004, the two principal researchers who provided the analyses did not agree on a common definition of an area's economic base. One favored the traditional approach, while the researcher analyzing the rural regions felt that there were key local-serving industries that were critical to these rural regions and should be included in the economic base.

For the economic base reports completed in 2006, we chose to include some industries in our definition of the economic base that are not traditionally included. We acknowledged that this use of the term, "economic base," conflicted with the standard definition, and that we chose to redefine it for the purpose of those reports. We promised to revisit this issue, and have done so for the current reports.

The current reports begin with an overview of the economy and all major industry sectors. Next, we provide an analysis of the economic base. In order to recognize and reconcile past researchers' differences regarding the definition of the economic base, we have chosen to use the traditional definition of economic base for this section (as found in the economic base reports produced in 2004 for the urban regions) and to then follow it with a separate section that provides an in-depth analysis of other key industries and industry clusters that are also important to the region's economy – drawing from the reasoning behind the expanded definitions of the economic base used in some of the past reports. We do this in order to incorporate the traditional approach in a meaningful way for those who prefer that approach, while recognizing the importance of seeking alternative ways to view the economy.

A detailed discussion of the definition of the economic base and the differences between the previous and current reports is available in the statewide report.

Manufacturing

Manufacturing is a cornerstone of the economy. Changes in employment within Manufacturing are closely monitored. Therefore, it is important to note that the employment counts reported for Manufacturing may be impacted by two key factors.

First, some Manufacturing firms may report all of their employment in a given location as manufacturing, while not all of the work actually being done at that location is manufacturing. (This may be true for other industries, as well.) Firms are encouraged to report employment under multiple industry codes in order to most accurately capture the type of employment; however, this is somewhat at the firm's discretion.

Second, there is a growing percentage of manufacturing jobs being filled by the Employment Services industry,* suggesting that Manufacturing firms are relying more heavily on the use of temporary workers. These workers are reported as employees of the Employment Services firm, thus affecting the count of manufacturing jobs.

* US Department of Labor, Bureau of Labor Statistics, *Career Guide to Industries: Employment Services*

THE GREATER SACRAMENTO REGION

The Greater Sacramento Region includes six counties — El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba. This region continues to account for about 6% of California's jobs and population. The region's unemployment rate in 2005 at 5.0% was below the state average of 5.4%.

The Greater Sacramento Region continues to report the highest job growth rate among the state's nine regions during 2001-2005, as it did from 1990-2002. The region reported job growth of 7.4% for the period 2001-2005, compared to 3.8% for the state.

Overall, from 2001 to 2005, the region experienced net job growth of 7.4%; private industry jobs grew by 8.9% and All Government[1] jobs grew by 3%. During this time, the region's population increased by 9.4%. The Greater Sacramento Region led all nine regions in employment growth for this period. During this time, the region also experienced the second fastest population growth of 9.4%; second only to the San Joaquin Valley Region's growth of 10.1%.

Figure 1 Characteristics of the Greater Sacramento Region

Characteristics of the Greater Sacramento Region

(Numbers are in thousands, except for dollar amounts)

	Greater Sacramento	California	Greater Sacramento as % of CA
Population (2005)	2,198	36,154	6%
Labor Force (2005)	1,137	17,696	6%
Unemployment Rate (2005)	5.0%	5.4%	93%
Private Sector Jobs (2005)	705	12,828	5.5%
Manufacturing Jobs* (2005)	51.4	1,498.7	3.4%
Per Capita Income (2005)	$ 34,762	$ 36,936	94%
Average Wage (2005)	$ 39,267	$ 45,686	86%

Source: Jobs, Labor Force, Unemployment Rate and Average Wage – California Employment Development Department, Labor Market Information Division; Population and Per Capita Income – U.S. Bureau of Economic Analysis
* Manufacturing Jobs reported here are traditional production jobs (NAICS 31-33).

[1] Government jobs include education, law enforcement, firefighting, defense and public services jobs for all levels of government (federal, state and local).

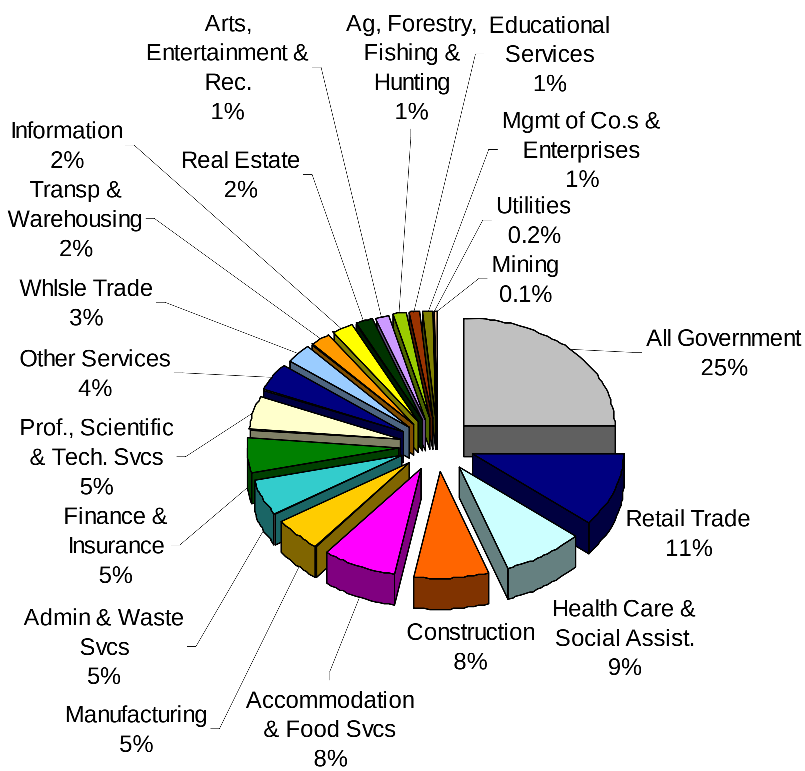
Employment Size

All Government provides the largest number of the region's jobs, with 235,700 jobs in 2005, or 25% of all jobs in the region. All Government reported 3% growth from 2001 to 2005. Within All Government, the largest sub-sector is Local Government (117,400 jobs in 2005), followed closely by State Government (103,900 jobs).

The second largest sector is Retail Trade, providing 104,500 jobs, or 11.1% of all jobs in the region. This industry reported growth of just over 8% from 2001 to 2005. The largest sub-sector within Retail Trade is Food & Beverage Stores, followed by General Merchandise Stores.

The third largest sector is Health Care & Social Assistance, with almost 80,700 jobs (8.6% of all jobs in the region), followed by Construction (8% of all jobs), Accommodation & Food Service (7.7%), and Manufacturing (5.5% of all jobs). **Figure 2** shows employment distribution across the major industry sectors.

Figure 2 Employment Distribution

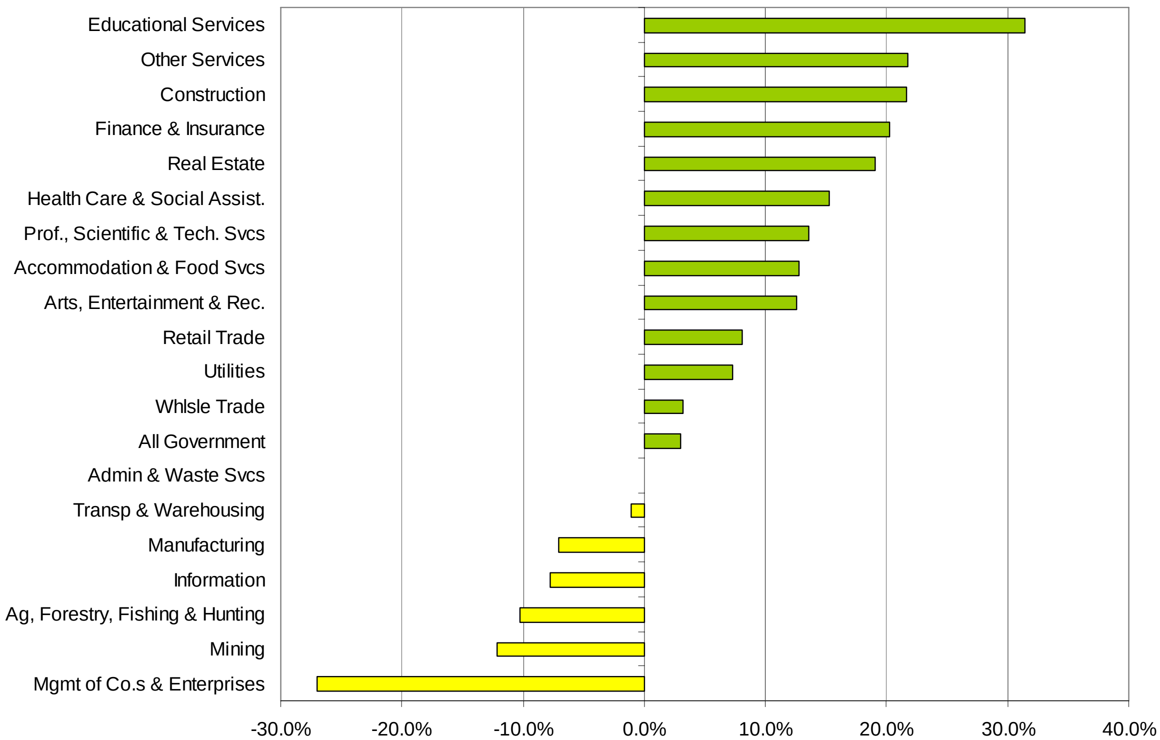


Of the 20 major sectors, 14 reported job gains from 2001 to 2005. The sector reporting the greatest number of jobs gained was Construction, up almost 13,500 jobs. This was followed by Health Care & Social Assistance, up 10,700 jobs; Accommodation & Food Services, up over 8,200 jobs; and, Finance & Insurance, up 8,000 jobs.

Growth Rate

Educational Services reported the strongest employment growth from 2001 to 2005, based on percentage of growth, at 31.4%, for an average annual growth rate (AAGR) of 7.1%. The second greatest job growth was reported by Other Services and by Construction, with both sectors growing by 21.7% from 2001 to 2005, for an AAGR of 5% each. These were followed by Finance & Insurance, up 20.3% (4.7% AAGR). Growth for all industry sectors may be found in **Figure 3**.

Figure 3 Employment Growth 2001 - 2005



Concentration or Competitive Advantage

The concentration of jobs in an industry in a region, compared to the concentration at the state level, is another indicator of an industry's importance to the region's economy. A concentration level higher than 1.0 may indicate that the region has a competitive advantage in that industry; it may also indicate that the goods and services being produced are being consumed outside of the region.

In the Greater Sacramento Region, at the major sector level, the All Government sector reported the highest concentration in 2005, at 1.4; this is likely due to the Capital City of Sacramento being in the region, and with it, a high number and concentration of State Government jobs. Second was Construction (1.2 LQ), followed by Finance & Insurance (1.2 LQ). Later in this section, the concentration will be presented for the industry group level (3-digit NAICS code level), which will reveal more in-depth information on important industries. The concentration for the ten largest industries is included in **Figure 4**.

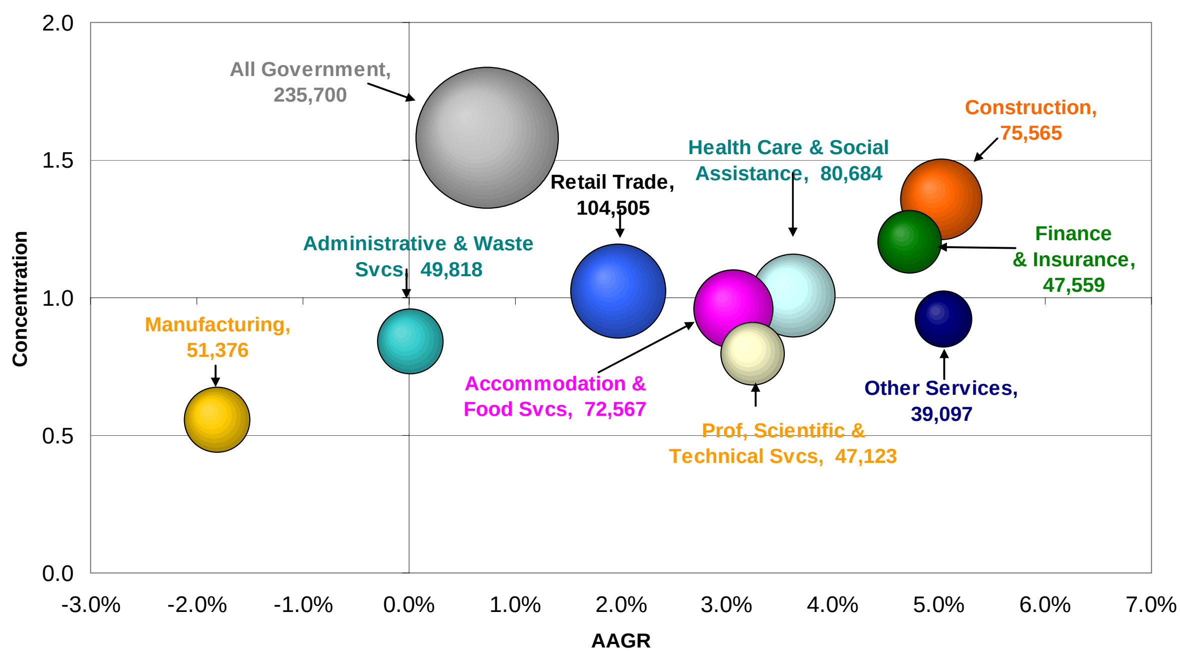
Comparing Size, Growth and Concentration

The bubble chart in **Figure 4** shows employment change from 2001 to 2005 for the region's ten largest industry sectors (based on employment size). This type of chart displays three important criteria in one chart – employment size, growth rate and concentration.

Interpreting the chart:

- The size of the bubble represents the employment size of the industry.
- The position from left to right indicates the employment change – to the left of zero means job losses, and to the right means job growth. The average annual growth rate (AAGR) is graphed as a percentage.
- The vertical position indicates the concentration of the industry in the region; the higher the bubble, the greater the concentration. A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

Figure 4 Size, Growth and Concentration of the Ten Largest Industries



For the ten largest industry sectors:

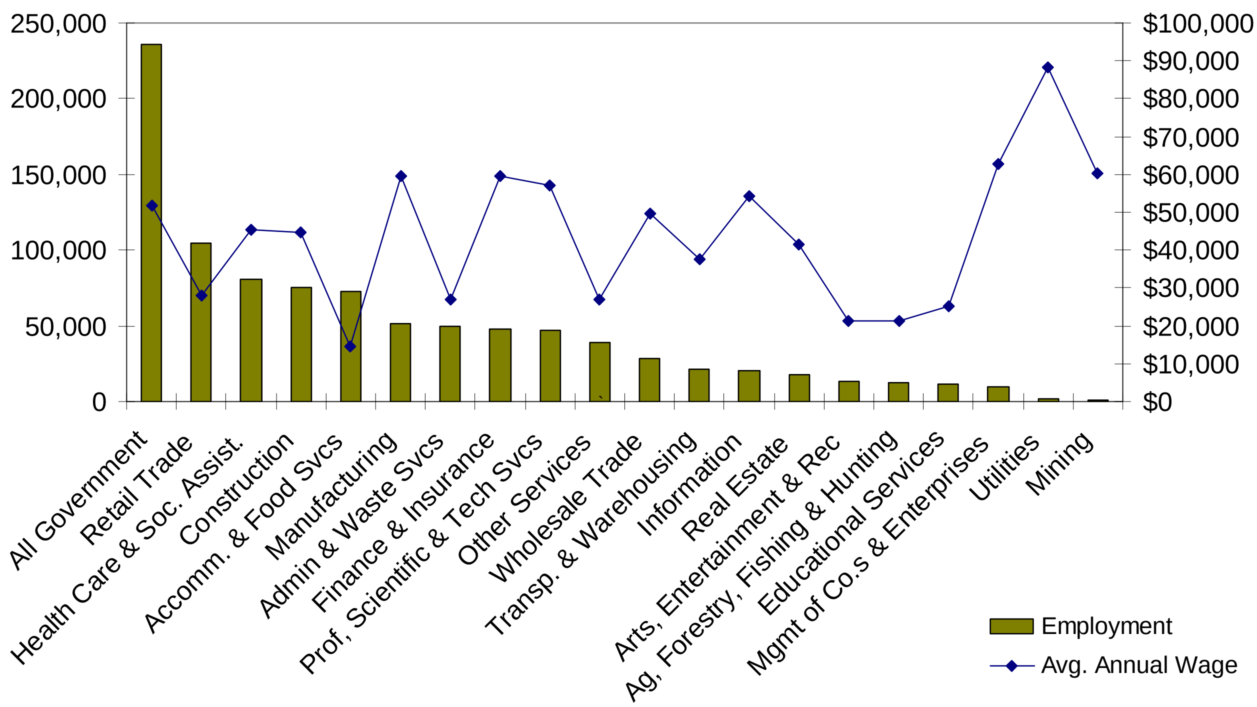
- All Government was the largest sector and also had the highest concentration.
- Second in size was Retail Trade, followed by Health Care & Social Assistance.
- Other Services and Construction reported the fastest growth rate, while Manufacturing reported the greatest losses.
- All Government shows the highest concentration, followed by Construction and Finance & Insurance.
- Nine of the ten largest sectors reported job growth from 2001 to 2005. Only Manufacturing reported job losses.

Average Wages

Another important factor to consider is how well an industry pays. In 2005, the average annual wage across all private industries in the Greater Sacramento Region was $39,276, compared to the statewide average of $45,686. The Greater Sacramento Region ranks fourth among the nine economic regions.

At the major sector level, the highest average annual wage of $88,167 was reported by Utilities, followed by Management of Companies & Enterprises ($62,732), and Mining ($60,337). The lowest, $14,460, was reported by Accommodation & Food Services. The average annual wage in the government sector – the region's largest employer – was $51,919. **Figure 5** compares 2005 employment with the average annual wages reported by each industry sector.

Figure 5 2005 Employment and Average Annual Wages

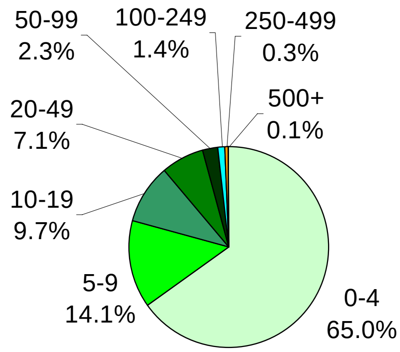


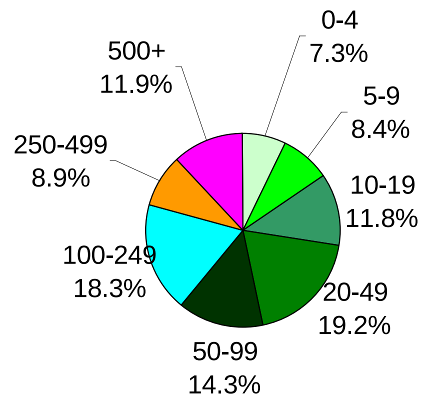
Size of Business

From 2001 to 2005, the percentage of businesses with fewer than 100 employees remained constant within the region at 98.1% in 2001 and 98.2% in 2005. Looking closer, the percentage of all firms that employ 0-4 workers increased from 61.9% in 2001 to 65% in 2005. The percentage of firms in each of the other size categories varied by less than 1% from 2001 to 2005.

The businesses with fewer than 100 employees provided 61% of all private industry jobs in 2005. In contrast, about 2% of all businesses in the Greater Sacramento Region employ 100 or more workers, and these businesses provide 39% of the region's private sector jobs.

Figure 6 Distribution of Firms and Jobs by Size of Business in 2005





Businesses with fewer than 50 employees provided 46.7% of all private industry jobs in 2005. Looking at the smallest firms, those with fewer than 10 employees provided 15.7% of all private industry jobs. Other Services reported the highest percentage of businesses with fewer than 100 employees, at 99.8%, followed by Real Estate & Rental & Leasing, at 99.5%, and Professional, Scientific & Technical Services, at 98.9%. Management of Companies & Enterprises reported the lowest percentage, at 89.4%.

Figure 7 provides a summary of economic facts for all of the industry sectors.

Figure 7 Industry Composition in 2005

NAICS	Major Industry Sector	% of Employ-ment	Avg. Annual Growth Rate	2005 LQ*	Avg. Annual Wage	Firms with less than 100 employees	Firms with less than 50 employees
11	Ag, Forestry, Fishing & Hunting	12,400	-2.7%	0.5	$ 21,349	98.1%	96.1%
21	Mining	700	-3.2%	0.5	$ 60,337	96.4%	96.4%
22	Utilities	2,000	1.8%	0.6	$ 88,167	93.3%	90.0%
23	Construction	75,600	5.0%	1.4	$ 44,683	97.7%	94.7%
31-33	Manufacturing	51,400	-1.8%	0.6	$ 59,683	94.9%	89.3%
42	Wholesale Trade	28,000	0.8%	0.7	$ 49,524	98.0%	94.5%
44-45	Retail Trade	104,500	2.0%	1.0	$ 28,012	96.8%	92.7%
48-49	Transportation & Warehousing	21,000	-0.3%	0.8	$ 37,532	96.1%	90.6%
51	Information	20,000	-2.0%	0.7	$ 54,330	92.7%	85.5%
52	Finance & Insurance	57,600	4.7%	1.2	$ 59,583	97.4%	94.8%
53	Real Estate & Rental & Leasing	17,400	4.4%	1.0	$ 41,353	99.5%	98.5%
54	Prof., Scientific & Technical Svcs	47,100	3.2%	0.8	$ 57,227	98.9%	97.2%
55	Management of Co.s & Enterprises	10,100	-7.6%	0.7	$ 62,732	89.4%	74.0%
56	Administrative & Waste Services	49,800	0.0%	0.8	$ 27,038	95.4%	90.4%
61	Educational Services	11,400	7.1%	0.8	$ 25,053	97.5%	92.8%
62	Health Care & Social Assistance	80,700	3.6%	1.0	$ 45,270	97.7%	94.9%
71	Arts, Entertainment, & Recreation	13,600	3.0%	0.9	$ 21,220	96.2%	88.4%
72	Accommodation & Food Services	72,600	3.1%	1.0	$ 14,460	98.5%	92.0%
81	Other Services	39,100	5.0%	0.9	$ 27,092	99.8%	99.6%
	All Government	235,700	0.7%	1.6	$ 51,919	N/A	N/A

* LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Figure 8 shows the rankings for all major industry sectors in four important areas; employment size, growth rate, concentration and wages.

Figure 8 Rankings

NAICS	**Major Industry Sector**	**Employmt Size (2005)**	**AAGR***	**2005 LQ****	**Avg. Wage**
11	Agriculture, Forestry, Fishing & Hunting	16	18	20	18
21	Mining	20	19	19	3
22	Utilities	19	11	17	1
23	Construction	4	3	2	11
31-33	Manufacturing	7	16	18	4
42	Wholesale Trade	11	12	16	9
44-45	Retail Trade	2	10	4	14
48-49	Transportation & Warehousing	12	15	11	13
51	Information	13	17	15	7
52	Finance & Insurance	6	4	3	5
53	Real Estate & Rental and Leasing	14	5	6	12
54	Prof., Scientific, & Technical Services	9	7	12	6
55	Management of Co.s & Enterprises	18	20	14	2
56	Administrative & Waste Services	8	14	10	16
61	Educational Services	17	1	13	17
62	Health Care & Social Assistance	3	6	5	10
71	Arts, Entertainment, & Recreation	15	9	8	19
72	Accommodation & Food Services	5	8	7	20
81	Other Services	10	2	9	15
	All Government	1	13	1	8

** AAGR – Average Annual Growth Rate*

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.*

Private Industry Sub-sectors and Industry Groups

While it is important to understand the economy at the major sector level, additional insight may be gained by looking at the sub-sector level, across all sectors. In the NAICS coding system, the three-digit level is the sub-sector level, and the four-digit level is the industry group level. The following explores the three- and four-digit levels in order to look within the major sectors to see specific sub-sectors and industry groups reporting significant employment, concentration and growth.

The ten largest sub-sectors (based on their employment size in 2005) provide 37% of the region's jobs:

- Food Services & Drinking Places (NAICS 722) provides 6.8% of the jobs;
- Specialty Trade Contractors (NAICS 238) provides 5.6% of the jobs;
- Administrative & Support Services (NAICS 561) provides 5.1% of the jobs;
- Professional, Scientific & Technical Services (NAICS 541) provides 5.0% of the jobs;
- Hospitals (NAICS 622) provides 3.0% of the jobs;
- Ambulatory Health Care Services (NAICS 621) provides 2.9% of the jobs;
- Insurance Carriers & Related Activities (NAICS 524) provides 2.5% of the jobs;
- Food & Beverage Stores (NAICS 445) provides 2.1% of the jobs;
- Credit Intermediation & Related Activities (NAICS 522) provides 2.1% of the jobs; and,
- General Merchandise Stores (NAICS 452) provides 1.9% of the jobs.

The ten sub-sectors with the highest concentration[2], or greatest competitive advantage, (and representing at least 0.05% of the region's jobs in 2005) were:

- Pipeline Transportation (NAICS 486) with a concentration of 5.9;
- Funds, Trusts & Other Financial Vehicles (NAICS 525) with a concentration of 2.5;
- Wood Product Manufacturing (NAICS 321), with a concentration of 2.0;
- Insurance Carriers & Related Activities (NAICS 524) with a concentration of 1.7;
- Telecommunications (NAICS 517) with a concentration of 1.6;
- Specialty Trade Contractors (NAICS 238) with a concentration of 1.4;
- Warehousing & Storage (NAICS 493) with a concentration of 1.4;
- Building Material & Garden Equipment & Supplies Dealers (NAICS 444) with a concentration of 1.3;
- Heavy & Civil Engineering Construction (NAICS 237) with a concentration of 1.2; and,
- Hospitals (NAICS 622) with a concentration of 1.2.

The top ten fastest growing sub-sectors from 2001 to 2005, and providing at least 0.05% of the region's jobs, were:

- Private Households (NAICS 814), with a 17.3% average annual growth rate (AAGR);
- Nonmetallic Mineral Product Manufacturing (NAICS 327), with an 11.3% AAGR;
- Hospitals (NAICS 622), with a 9.8% AAGR;
- Transportation Equipment Manufacturing (NAICS 336), with an 8.8% AAGR;
- Securities, Commodity Contracts & Other Financial Investments & Services (NAICS 523), with an 8.3% AAGR;
- Educational Services (NAICS 611), with a 7.1% AAGR;
- Beverage Manufacturing (NAICS 312), with a 6.7% AAGR;
- Credit Intermediation & Related Activities (NAICS 522), with a 6.4% AAGR;
- General Merchandise Stores (NAICS 452), with a 6.4% AAGR; and,
- Real Estate (NAICS 531), with a 6.3% AAGR.

The top ten best-paying sub-sectors in 2005, and providing at least 0.05% of the region's jobs, were:

- Computer & Electronic Product Manufacturing, (NAICS 334), with an average annual wage of $103,911;
- Utilities (NAICS 221), $88,167;
- Securities, Commodity Contracts & Other Financial Investments & Services (NAICS 523), $87,407;
- Pipeline Transportation (NAICS 486), $78,295;
- Heavy & Civil Engineering Construction (NAICS 237), $64,779;
- Funds, Trusts & Other Financial Vehicles (NAICS 525), $63,035;
- Management of Companies & Enterprises (NAICS 551), $62,732;

[2] A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

- Telecommunications (NAICS 517), $60,903;
- Hospitals (NAICS 622), $60,548; and,
- Chemical Manufacturing (NAICS 325), $59,283.

Looking at the four-digit NAICS level, at private sector industry groups, **Figure 9** shows facts about the top 20 fastest growing industry groups, where the industry groups provided at least 0.01% of the region's employment. Some of these industry groups are very small in employment, but may warrant watching due to the very high growth reported from 2001-2005.

Figure 9 Top 20 Fastest Growing Industry Groups

NAICS	Industry Group	2005 Empl.*	2001-2005 AAGR	2005 Avg. Annual Wage
5223	Activities Related to Credit Intermediation	4,020	45.4%	$ 64,353
6117	Educational Support Services	2,080	42.7%	$ 15,741
6215	Medical & Diagnostic Laboratories	1,030	42.0%	$ 44,359
3364	Aerospace Product & Parts Mfg	1,610	37.0%	$ 79,353
3279	Other Nonmetallic Mineral Product Mfg	250	29.7%	$ 40,510
3241	Petroleum and Coal Products Mfg	180	24.7%	$ 51,656
5611	Office Administrative Services	2,550	24.4%	$ 50,909
5621	Waste Collection	880	22.0%	$ 44,936
7121	Museums, Historical Sites & Similar Institutions	400	20.2%	$ 21,624
7131	Amusement Parks & Arcades	240	19.0%	$ 12,216
8141	Private Households	13,410	17.3%	$ 15,286
3329	Other Fabricated Metal Product Mfg	340	16.9%	$ 43,942
3274	Lime and Gypsum Product Mfg	100	16.8%	$ 20,876
4851	Urban Transit Systems	180	16.0%	$ 21,425
5416	Mgmt, Scientific, & Technical Consulting Svcs	8,390	15.8%	$ 53,119
6222	Psychiatric & Substance Abuse Hospitals	510	15.2%	$ 33,135
3273	Cement & Concrete Product Mfg	1,910	14.1%	$ 50,092
1153	Support Activities for Forestry	140	13.4%	$ 33,821
5612	Facilities Support Services	690	12.7%	$ 25,952
3272	Glass & Glass Product Mfg	150	12.2%	$ 39,196

- Employment rounded to nearest 10. "S" means the data is suppressed for confidentiality.

REGIONAL SNAPSHOT 2006 & 2007

*This snapshot provides estimates of employment change since 2005, to see what effects recent events may be having on the economy, as well as any lingering effects of the 2001 recession. This analysis uses a different data source than that used for the main report, so the findings for each time period are reported separately.**

For the Greater Sacramento Region, a look at recent preliminary data shows that the employment growth seen from 2001 to 2005 has continued in 2006 and 2007. Overall, nonfarm employment grew by 2.3% from 2005 to 2006, and again by 1.7% into 2007. From 2001 to 2005, eight of the eleven super sectors reported job growth; from 2005 to 2006, ten reported growth, and from 2006 to 2007, nine reported growth. Only Construction and Financial Activities reported losses into 2007, likely related to the downturn in housing.

Of particular interest, the Manufacturing and Information sectors are no longer experiencing job losses like they did from 2001 to 2005. Manufacturing showed modest growth in 2006 and again into 2007, and while there has been no net growth since 2005 for Information, job losses have not continued.

The following table summarizes employment change from 2001 to 2007. For 2001 through 2006, annual employment was compared; for 2006 to 2007, monthly employment data from July of each year was compared.

GREATER SACRAMENTO	2001-2005	2005-2006	July06-July07
Total Nonfarm	**6.1%**	**2.3%**	**1.7%**
Natural Resources & Mining	-25.6%	0.0%	0.0%
Construction	21.7%	-2.5%	-3.5%
Manufacturing	-7.0%	0.4%	0.6%
Trade, Transportation, & Utilities	5.9%	3.0%	1.6%
Information	-7.8%	0.0%	0.0%
Financial Activities	19.9%	2.9%	-1.7%
Professional & Business Services	1.8%	3.6%	3.7%
Educational & Health Services	17.1%	4.1%	2.8%
Leisure & Hospitality	12.8%	4.2%	2.2%
Other Services	1.4%	0.3%	4.2%
Government	3.0%	2.0%	3.2%

** The source for the 2006 and 2007 data is the Current Employment Statistics (CES) program. The source of the CES data differs from the primary source of data for this Economic Profile report, the Quarterly Census of Employment and Wage (QCEW) data, and information provided here may differ from the QCEW data released in the future for 2006 and 2007. Because the methodology behind the two data sources is different, the CES data is not commingled with the QCEW data in other sections of this report. This data was provided by the CES Unit at the LMID. The data used for the main report was summarized to match the definitions used in the CES data so that comparisons could be made regarding growth. For example, the CES data does not include the Private Households industry employment in the totals for the Other Services sector, as the Private Households industry only reports employment annually and data is not available for the CES monthly estimates.*

THE ECONOMIC BASE

The economic base is traditionally considered to be made up of export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. While the past economic base reports have varied in how they defined the economic base, we have decided to use the more traditional definition for this section of the report. Other industries that are also important to the region will be discussed in a later section.

The following sectors make up the economic base:

- High Tech Manufacturing
- Diversified Manufacturing
- Wholesale Trade & Transportation
- Professional, Business & Information Services
- Tourism & Entertainment
- Federal Government (Defense & Other Federal Government)
- Resource Based

The Greater Sacramento Region's economic base industries provided 176,900 jobs in 2005, or 18.8% of the region's jobs. From 2001 to 2005, the economic base industries reported overall job losses of almost 4,800 jobs, down 2.6%. Five of the seven sectors in the economic base reported job losses during this period. Only Tourism & Entertainment and Wholesale Trade & Transportation reported job gains.

The Professional, Business & Information Services sector is the largest component of the region's economic base, reporting almost 73,600 jobs in 2005. The sector reported no growth from 2001 to 2005, actually losing 11 jobs (-0.01%).

The second largest component of the economic base is Wholesale Trade & Transportation, with almost 28,700 jobs in 2005. Third, Tourism & Entertainment reported 20,500 jobs. Both of these sectors reported job growth from 2001 to 2005, of over 1,800 and 600 jobs respectively. High Tech Manufacturing is the fourth largest component of the economic base, providing almost 16,100 jobs in 2005, but reporting job losses of over 1,600 jobs from 2001 to 2005.

Each region's economic base is unique in that the distribution of employment differs from region to region. **Figure 10** shows the distribution of jobs in 2005 and **Figure 11** shows employment from 2001 to 2005 for the Greater Sacramento Region's economic base. (In Figure 11, some employment is suppressed at the sub-sector level in the High Tech Manufacturing and Resource Based sectors, due to confidentiality.)

Figure 10 Economic Base Employment 2005

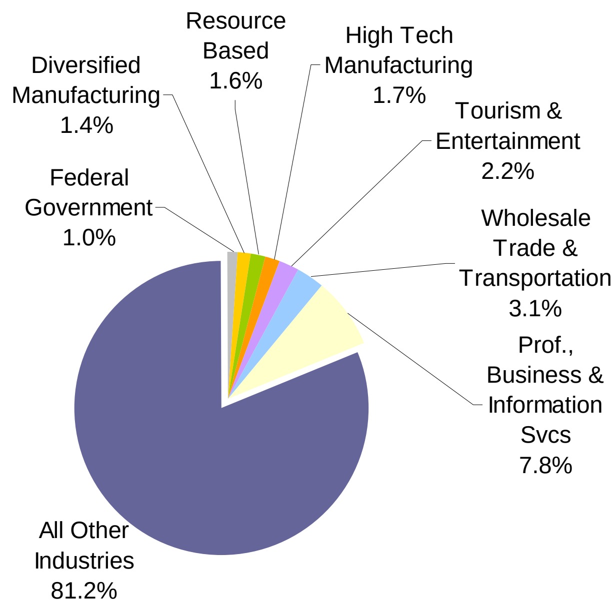
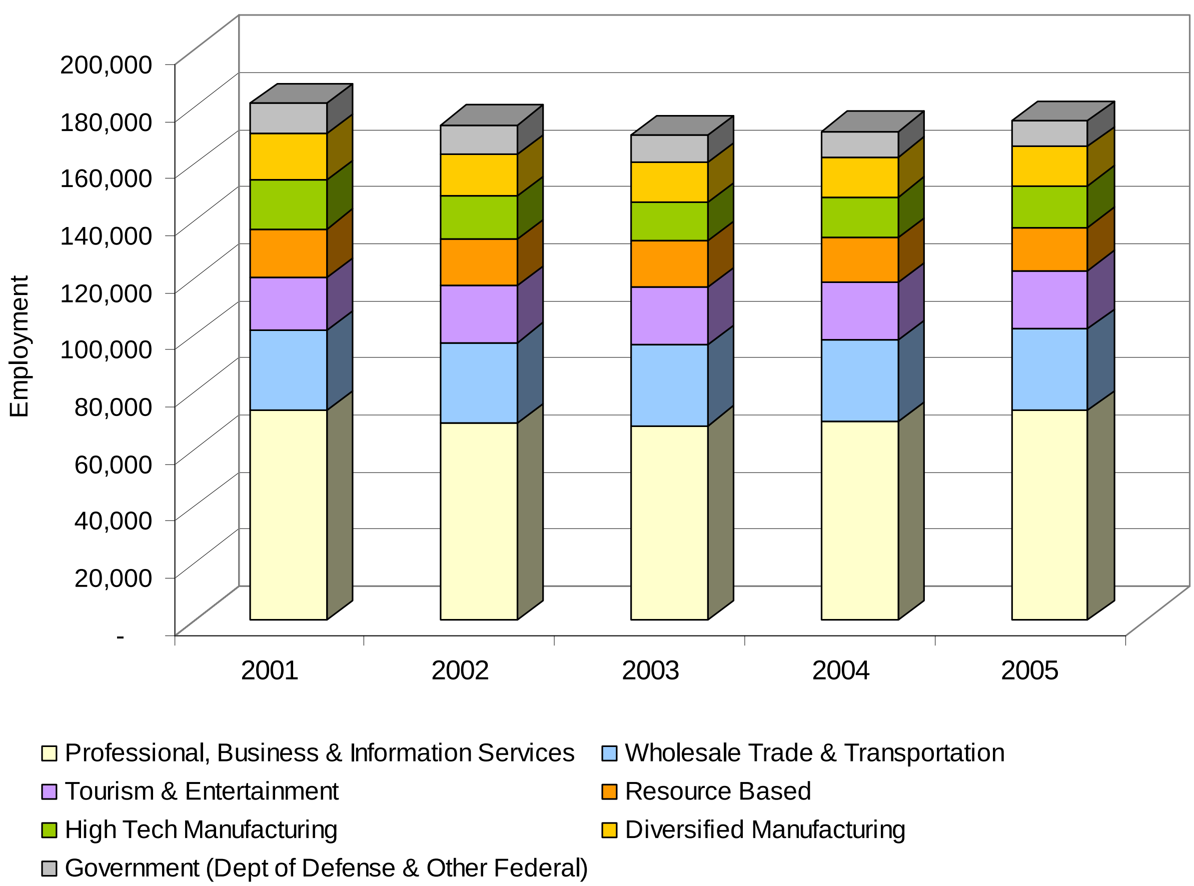


Figure 11 Economic Base Employment 2001-2005



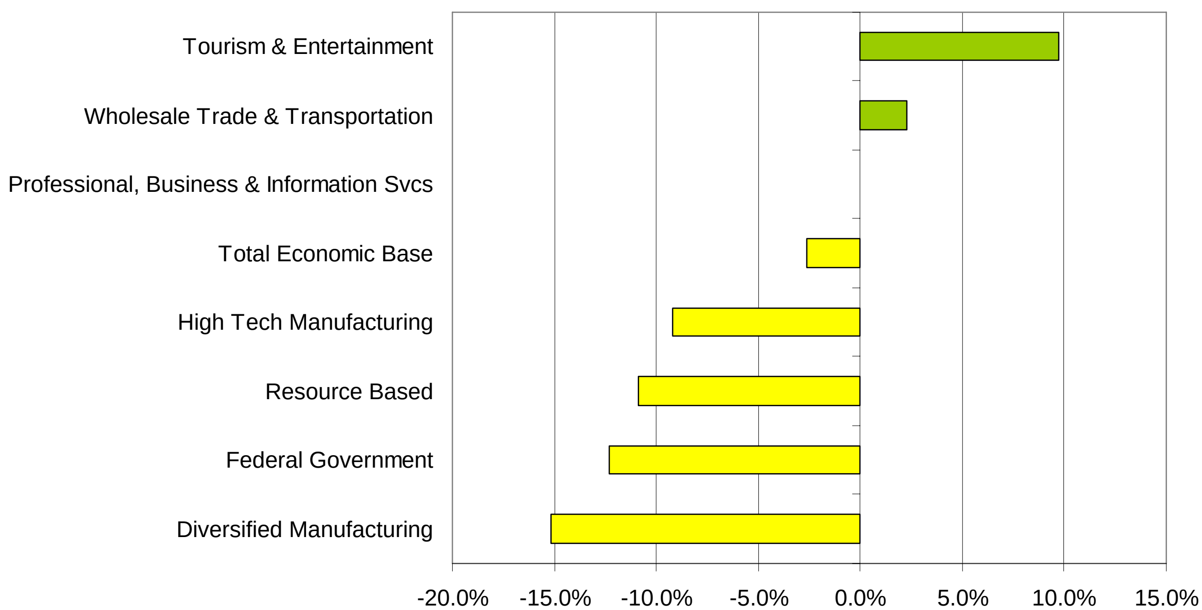
In addition to employment size, job growth is another important factor; however, for the period 2001 to 2005, the Greater Sacramento region experienced job losses in five of the seven sectors of the economic base. Only Tourism & Entertainment and Wholesale Trade & Transportation reported job growth. Tourism & Entertainment reported the most growth, up 9.7%, and Wholesale Trade & Transportation reported growth of 2.3%.

Of the remaining five sectors, Professional, Business & Information Services reported the smallest percentage of job losses, down only 0.01%, while Diversified Manufacturing reported the greatest percentage of losses, down 15.1%

Looking across all sub-sectors in the economic base, the greatest number of jobs gained was reported by the Management, Scientific, and Technical Consulting Services industry, up over 3,700 jobs (+79.6%) from 2001 to 2005. The greatest percentage of jobs gained was reported by Aerospace Product & Parts Manufacturing, up almost 253% (employment numbers are confidential for this sub-sector).

Figure 12 shows job growth for each component of the economic base, from 2001 to 2005.

Figure 12 Job Growth 2001 - 2005



Size of Business

From 2001 to 2005, the percentage of economic base businesses with fewer than 100 employees remained fairly constant, from 97.0% in 2001 to 97.2% in 2005. These businesses provided 52.6% of the economic base employment in 2001, and 55.6% of the base employment in 2005. In contrast, only 2.8% of the private sector businesses in the economic base employ 100 or more workers in 2005, and these businesses provide 44.4% of the economic base's private sector jobs.

Figure 13 Distribution of Firms and Jobs in the Economic Base by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	54.4%	5.3%
5-9	17.4%	7.1%
10-19	12.3%	10.2%
20-49	9.3%	17.5%
50-99	3.7%	15.5%
100-249	2.1%	19.4%
250-499	0.5%	9.9%
500+	0.2%	15.1%

Businesses with fewer than 50 employees provided 40.2% of all (private) economic base jobs in 2005; in comparison, businesses with fewer than 50 employees provide 46.7% of all private industry jobs in the region. Looking at the smallest firms, those with fewer than 10 employees provided 12.4% of all (private) economic base jobs.

The Resource Based sector reported the highest percentage of businesses with fewer than 100 employees, at 98.0%, followed by Wholesale Trade & Transportation at 97.9%. High Tech Manufacturing reported the lowest percentage, at 87.2%. The percentage of economic base firms that are businesses with fewer than 100 employees and fewer than 50 employees, by industry sector, is included in **Figure 14**.

Figure 14 provides a summary of facts for the economic base industries (some employment is suppressed at the sub-sector level, due to confidentiality, in the High Tech Manufacturing and Resource Based sectors):

Figure 14 Economic Base

Sector	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with less than 100 employees	Firms with less than 50 employees
High Tech Manufacturing	14,500	-9.2%	0.6	$100,833	87.2%	84.1%
Diversified Manufacturing	13,600	-15.1%	0.5	$ 39,610	95.6%	88.9%
Wholesale Trade & Transportation	28,700	2.3%	0.6	$ 49,265	97.9%	94.8%
Professional, Business & Information Svcs	73,600	-0.01%	0.8	$ 50,003	97.4%	94.1%
Tourism & Entertainment	20,500	9.7%	0.6	$ 17,673	95.6%	87.0%
Government, Defense & Other Fed. Govt.	9,300	-12.3%	0.6	$ 58,379	Not Available	Not Available
Resource Based	15,200	-10.9%	0.5	$ 27,298	98.0%	95.9%
Total Economic Base* **	**175,300**	**-2.6%**	**0.7**	**$ 47,904**	**97.2%**	**93.5%**

* Employment rounded to nearest 100. Total employment may not equal sum of sectors due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** The average annual wage for the total economic base was calculated using only private industry wage and employment information.

The Base Multiplier

One method for estimating the impact of the basic sector upon the local economy is the Base Multiplier. The Base Multiplier can provide insight as to how many non-basic jobs (jobs created in those industries not considered a part of the economic base) are created by one economic base job. The base multiplier is calculated by dividing the total employment by the economic base employment for a given year.

The Base Multiplier factor for the Greater Sacramento Region for 2001 through 2005 was:

Figure 15 Base Multiplier 2001 - 2005

Year	2001	2002	2003	2004	2005
Base Multiplier	4.82	5.06	5.24	5.30	5.32

This suggests that almost 5 jobs were created in non-basic industries for every economic base job created in 2001. This has increased to about 5 1/3 jobs created in non-basic industries for every base job created in 2005.

The following provides a more in-depth look at each component of the economic base.

HIGH TECH MANUFACTURING

The High Tech Manufacturing component of the economic base includes Computer & Peripheral Equipment Manufacturing; Communications Equipment Manufacturing; Semiconductor & Other Electronic Component Manufacturing; Navigational, Measuring, Electromedical and Control Instruments Manufacturing; Aerospace Product & Parts Manufacturing; and, Pharmaceutical & Medicine Manufacturing. In 2005, this sector provided about 14,500 jobs[3].

Overall, this sector reported job losses of almost 2,800 jobs, down 16.1% from 2001 to 2005. Only Aerospace Product & Parts Manufacturing and Semiconductor & Other Electronic Component Manufacturing reported job gains. Aerospace Product & Parts Manufacturing grew by 252.7% (employment numbers are suppressed due to confidentiality), and Semiconductor & Other Electronic Component Manufacturing grew by over 700 jobs, or 10.7%.

Job losses in High Tech Manufacturing were led by losses in the Computer & Peripheral Equipment Manufacturing sub-sector, down almost 2,500 jobs, or 33%. The greatest percentage of jobs lost was reported by Communications Equipment Manufacturing, down 44.8% (a loss of over 100 jobs). Losses were also reported in Navigational, Measuring, Electromedical and Control Instruments Manufacturing, down almost 800 jobs (-36.7%), and Pharmaceutical & Medicine Manufacturing, down over 100 jobs (-24.8%).

Within High Tech Manufacturing, most of the jobs are found in Semiconductor & Other Electronic Component Manufacturing and Computer & Peripheral Equipment Manufacturing.

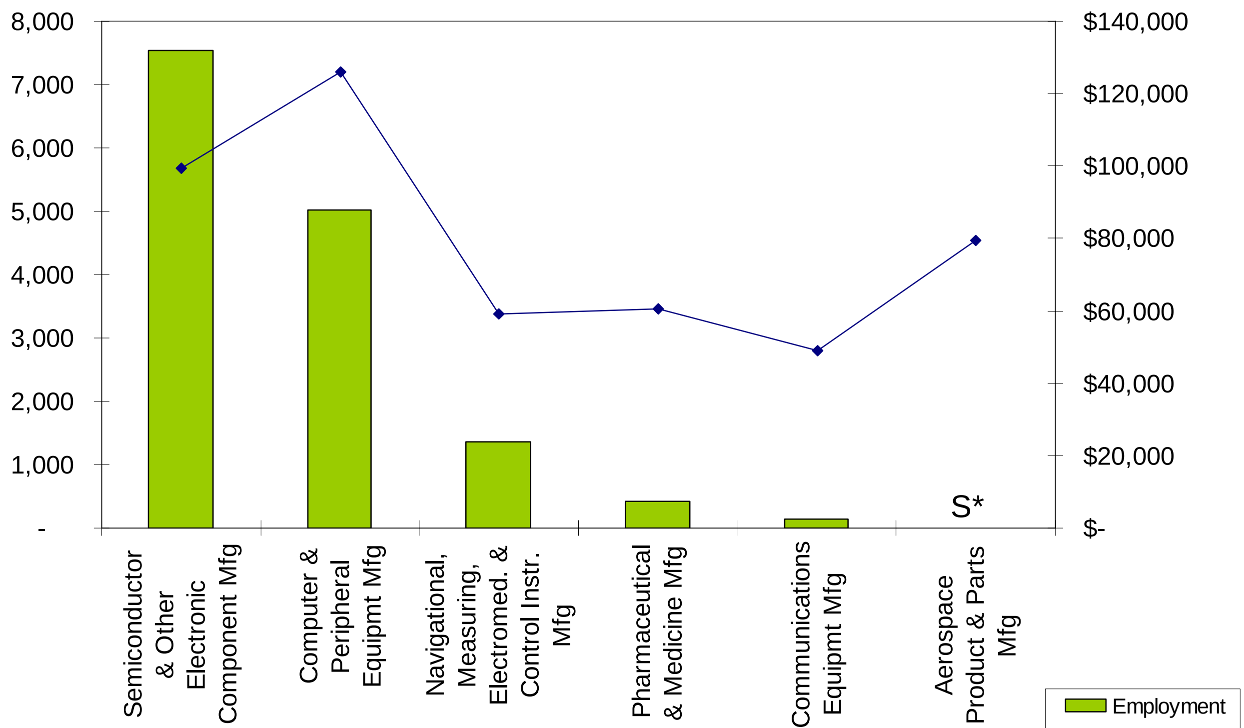
---

[3] Employment for Aerospace Product & Parts Manufacturing was suppressed due to confidentiality.

The region has a lower concentration of jobs in High Tech Manufacturing (0.6 LQ) than found at the statewide level; however, it has higher concentrations in the two largest sub-sectors, Computer & Peripheral Equipment Manufacturing (1.4 LQ) and Semiconductor & Other Electronic Component Manufacturing (1.1 LQ). **Figure 18** provides the concentration for all High Tech Manufacturing industries.

In 2005, the average annual wage for this sector was $100,833. At the sub-sector level, average annual wages ranged from a high of $125,976 reported by Computer & Peripheral Equipment Manufacturing, to a low of $48,889 reported by Communications Equipment Manufacturing.

Figure 16 High Tech Manufacturing 2005 Employment & Average Wages



* Employment suppressed due to confidentiality.

Figure 17 shows employment change from 2001 to 2005 for the industries in High Tech Manufacturing. Employment for Aerospace Product & Parts Manufacturing was not presented due to confidentiality.

Figure 17 High Tech Manufacturing Industries Employment 2001-2005

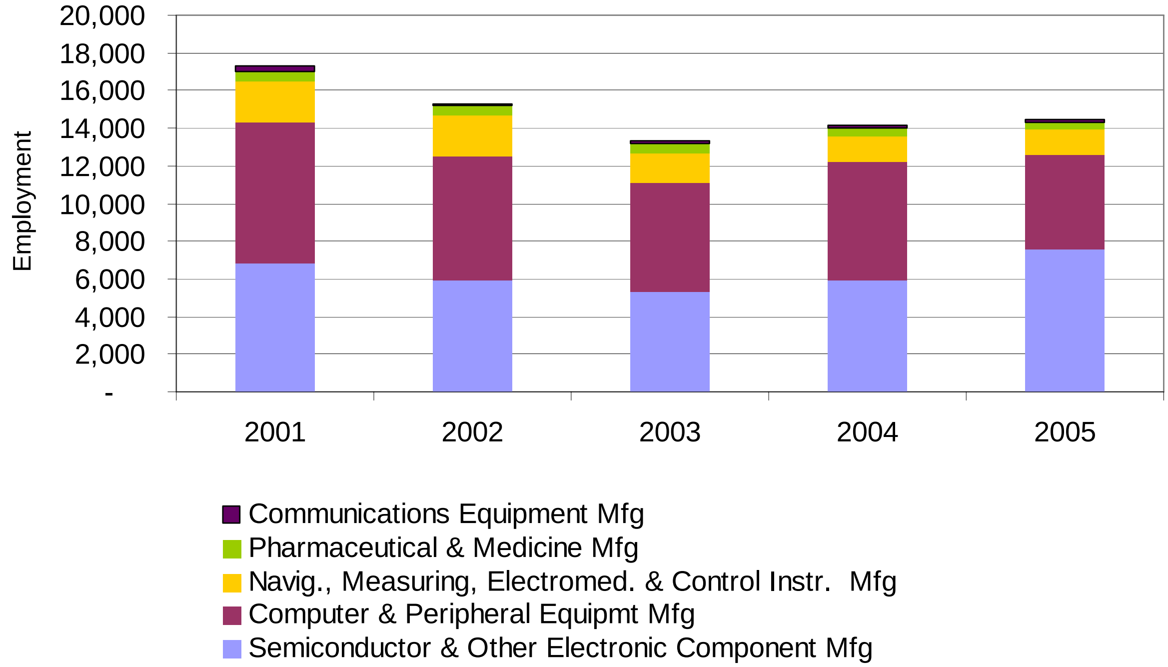


Figure 18 provides a summary of economic facts for the High Tech Manufacturing sector.

Figure 18 High Tech Manufacturing

NAICS	Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with less than 100 employees	Firms with less than 50 employees
3341	Computer & Peripheral Equipmt Mfg	6,353	-33.0%	1.4	$125,976	78.6%	78.6%
3342	Communications Equipment Mfg	149	-44.8%	0.1	$ 48,889	100.0%	100.0%
3344	Semiconductor & Other Electronic Component Mfg	5,893	10.7%	1.1	$ 99,404	86.8%	86.8%
3345	Navigational, Measuring, Electromedical, & Control Instruments Mfg	1,329	-36.7%	0.2	$ 59,264	94.1%	94.1%
3364	Aerospace Product & Parts Manufacturing	S	252.7%	0.4	$ 79,353	100.0%	100.0%
3254	Pharmaceutical & Medicine Mfg	457	-24.8%	0.2	$ 60,626	100.0%	100.0%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

DIVERSIFIED MANUFACTURING

The Diversified Manufacturing component of the economic base includes Wood Product Manufacturing, Paper Manufacturing, Printing & Related Support Activities, Furniture & Related Product Manufacturing, Medical Equipment & Supplies Manufacturing, Apparel Manufacturing, Chemical Manufacturing (except Pharma), and Plastics & Rubber Products Manufacturing. In 2005, this sector provided just over 13,600 jobs, and was the second smallest component of the region's economic base.

Overall, this sector reported job losses of just over 15% from 2001 to 2005. Only one sub-sector reported job growth during this period; Paper Manufacturing grew by less than 100 jobs, up 12.7%. The greatest percentage of job losses was in Apparel Manufacturing, down 75.6% (a loss of almost 300 jobs). This was followed by Medical Equipment & Supplies Manufacturing (down 46.8%, or over 700 jobs), which also represented the greatest number of jobs lost. Wood Product Manufacturing reported the second greatest number of jobs lost, down over 5,300 jobs (a loss of 35%). Seven of the eight sub-sectors reported job losses during this period.

Within Diversified Manufacturing, the most employment is found in Wood Product Manufacturing, followed by Furniture & Related Product Manufacturing.

The region has a lower concentration of Diversified Manufacturing jobs overall than found at the statewide level; however, the region has a higher concentration of jobs in Wood Product Manufacturing (2.0 LQ), giving it a competitive advantage in this industry.

In 2005, the average annual wage for this sector was $39,610, just higher than the overall average wage of $39,267 for all private industries in the region. At the sub-sector level, this ranged from a high of $58,614 in Chemical Manufacturing (except Pharma), to a low of $22,219 in Apparel Manufacturing.

The 2005 average annual wage and employment are shown in **Figure 19**.

Figure 19 Diversified Manufacturing 2005 Employment & Average Wages

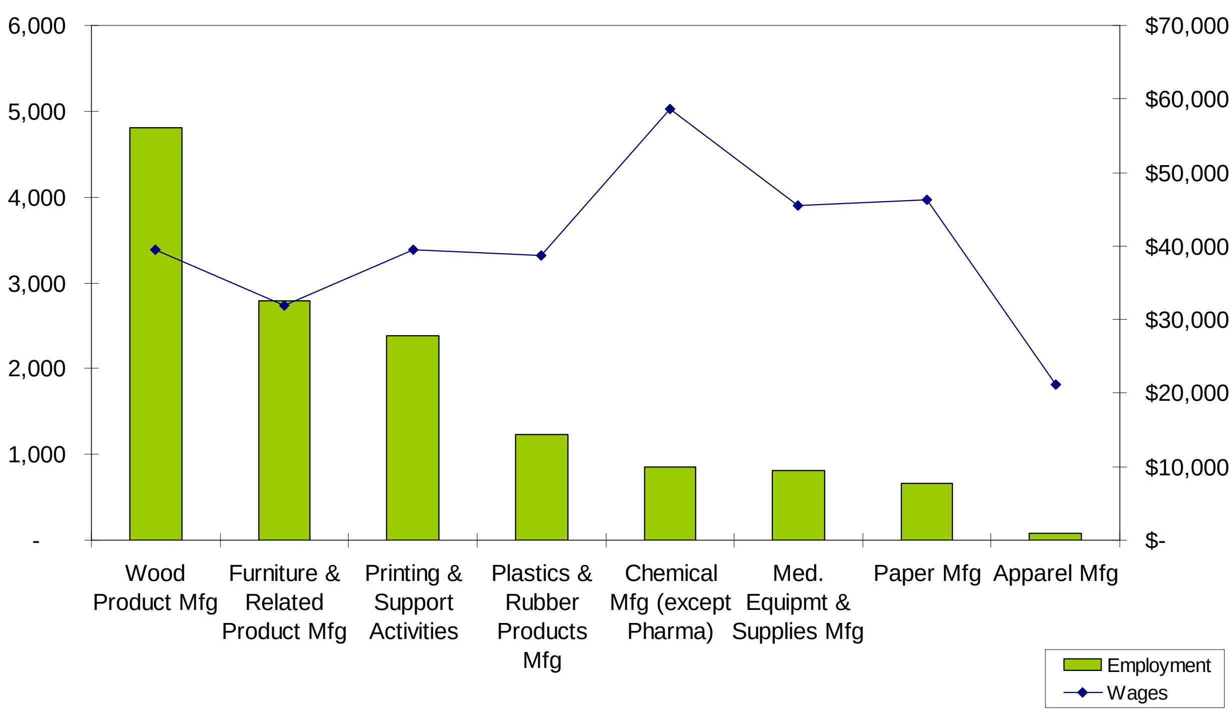


Figure 20 shows employment change from 2001 to 2005 for the industries in Diversified Manufacturing.

Figure 20 Diversified Manufacturing Industries Employment 2001-2005

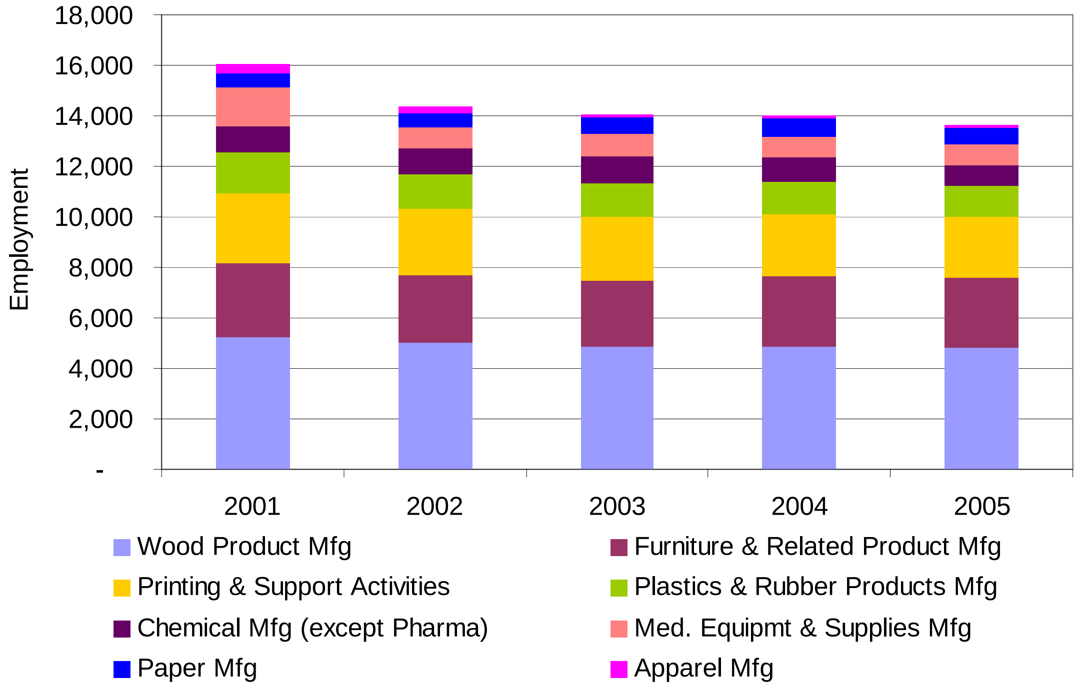


Figure 21 provides a summary of economic facts for the Diversified Manufacturing sector.

Figure 21 Diversified Manufacturing

NAICS	Sub-sector	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
321	Wood Product Manufacturing	4,800	-8.1%	2.0	$ 39,439	83.0%	63.6%
322	Paper Manufacturing	700	12.7%	0.4	$ 46,220	100.0%	85.0%
323	Printing & Support Activities	2,400	-13.8%	0.7	$ 39,450	98.5%	95.5%
337	Furniture & Related Product Mfg	2,800	-4.9%	0.8	$ 31,942	97.4%	93.6%
3391	Medical Equipmt & Supplies Mfg	800	-46.8%	0.3	$ 45,473	100.0%	95.3%
315	Apparel Manufacturing	100	-75.6%	0.0	$ 21,219	100.0%	100.0%
325-3254	Chemical Mfg (except Pharma)	800	-17.4%	0.3	$ 58,614	100.0%	91.2%
326	Plastics & Rubber Products Mfg	1,200	-24.1%	0.4	$ 38,735	100.0%	86.8%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

WHOLESALE TRADE & TRANSPORTATION

The Wholesale Trade & Transportation sector includes Merchant Wholesalers, Durable Goods; Merchant Wholesalers, Nondurable Goods; Wholesale Electronic Markets & Agents &

Brokers; and, Air Transportation. In 2005, Wholesale Trade & Transportation was the second largest component of the economic base, providing almost 28,700 jobs.

Overall, Wholesale Trade & Transportation reported job growth of 2.3% from 2001 to 2005. Two sub-sectors reported growth; Merchant Wholesalers, Durable Goods reported the greatest number of jobs gained at almost 900 jobs, or 5.9%. Wholesale Electronic Markets & Agents & Brokers reported the greatest percentage of job growth at 18.4%, up less than 500 jobs. The other two sectors reported job losses during this period.

Within Wholesale Trade & Transportation, most of the jobs are found in Merchant Wholesalers, Durable Goods and Merchant Wholesalers, Nondurable Goods. Looking further, Merchant Wholesalers, Durable Goods is led by Professional & Commercial Equipment & Supplies Wholesalers, and Machinery, Equipment & Supplies Merchant Wholesalers. Merchant Wholesalers, Nondurable Goods is led by Grocery and Related Product Wholesalers.

The region has a lower concentration of jobs in Wholesale Trade & Transportation than at the statewide level.

In 2005, the average annual wage for this sector was $49,265. This ranged from a high of $50,800 for MerchantWholesalers, Durable Goods jobs, to a low of $39,354 for Air Transportation jobs. **Figure 22** shows employment and average annual wages for all of the sub-sectors.

Figure 22 Wholesale Trade & Transportation 2005 Employment & Average Wages

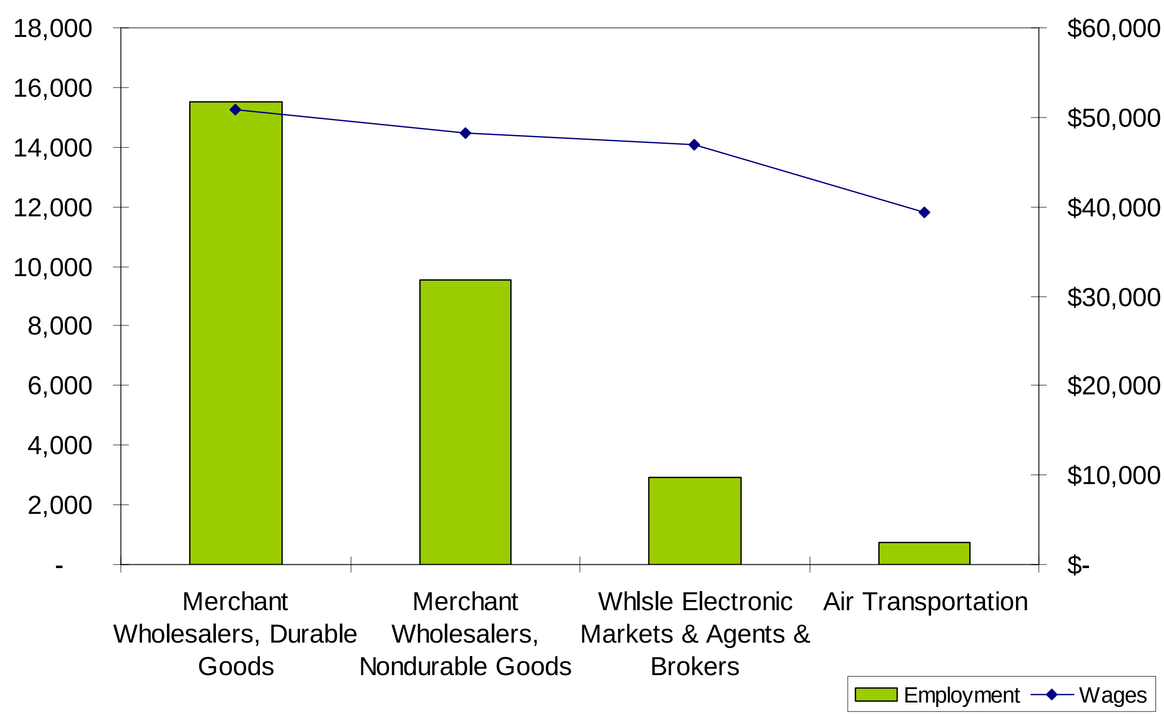


Figure 23 shows employment change from 2001 to 2005 for the industries in Wholesale Trade & Transportation.

Figure 23 Wholesale Trade & Transportation Industries Employment 2001-2005

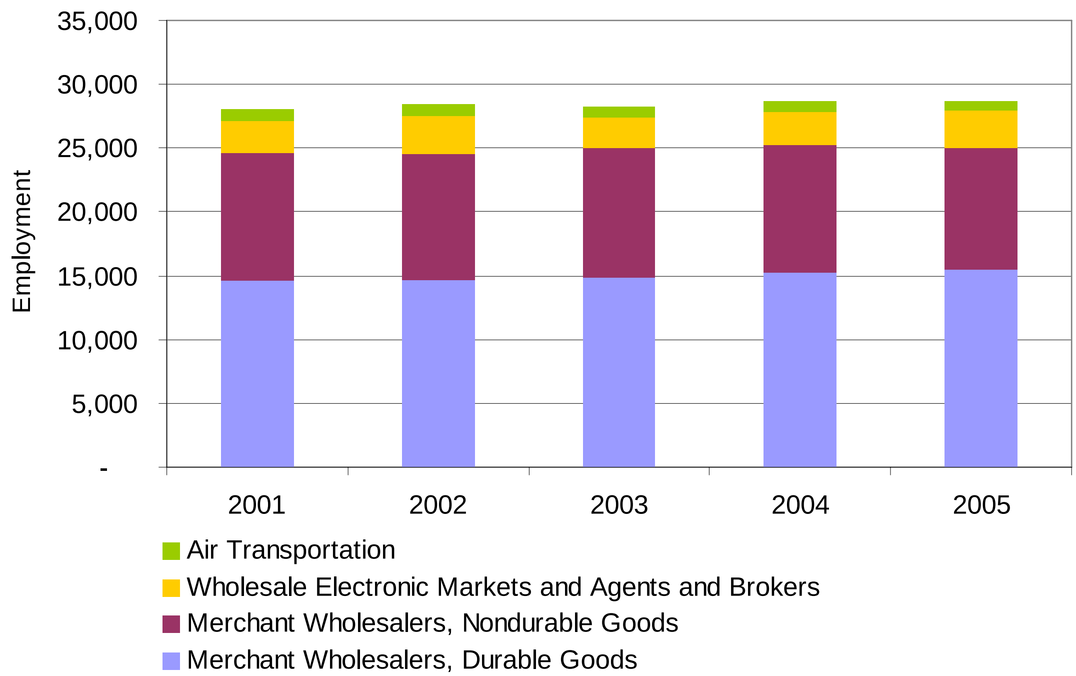


Figure 24 provides a summary of economic facts for the Wholesale Trade & Transportation sector.

Figure 24 Wholesale Trade & Transportation

NAICS	Sub-sector	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
423	Merchant Whlslrs, Durable Goods	15,495	5.9%	0.7	$ 50,800	98.2%	94.5%
424	Merchant Whlslrs, Nondurable Goods	9,548	-4.4%	0.7	$ 48,241	96.4%	92.9%
425	Whlsle Electr. Mkts, Agents, Brokers	2,928	18.4%	0.5	$ 46,935	100.0%	99.3%
481	Air Transportation	726	-25.4%	0.2	$ 39,354	100.0%	85.7%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

PROFESSIONAL, BUSINESS & INFORMATION SERVICES

The Professional, Business & Information Services sector includes Legal Services; Accounting, Tax Preparation, Bookkeeping and Payroll Services; Architectural, Engineering and Related Services; Computer Systems Design and Related Services; Management, Scientific and Technical Consulting Services; Scientific Research and Development Services; Management of Companies and Enterprises; Employment Services; Software Publishers; Internet Service Providers and Web Search Portals; and, Data Processing, Hosting and Related Services. In 2005, this sector was the largest component of the economic base, and provided almost 73,600 jobs.

Overall, this sector reported virtually no change in employment from 2001 to 2005, down 11 jobs or 0.01%. Only four of the eleven sub-sectors reported job gains during this period. The Management, Scientific and Technical Consulting Services sub-sector reported the greatest number and percentage of job growth, up 3,700 jobs, or 79.6%; Legal Services grew by almost 1,400 jobs (up 20.7%); Architectural, Engineering & Related Services grew by almost 1,200 jobs (up 13.7%); and, Scientific Research & Development Services grew by almost 400 jobs, or 26.7%.

Within Professional, Business & Information Services, most of the jobs are found in Employment Services, followed by Management of Companies & Enterprises.

The region has a lower concentration of jobs in Professional, Business & Information Services than found at the statewide level. This remains true at the sub-sector level where the highest concentration, found in Management, Scientific & Technical Consulting Services, only equals the statewide level.

In 2005, the average annual wage for the sector was $50,003; Software Publishers reported the highest average of $74,995, while Employment Services reported the lowest average wage of $23,342. **Figure 25** shows employment and average annual wages for all of the sub-sectors.

Figure 25 Professional, Business & Information Services 2005 Employment & Wages

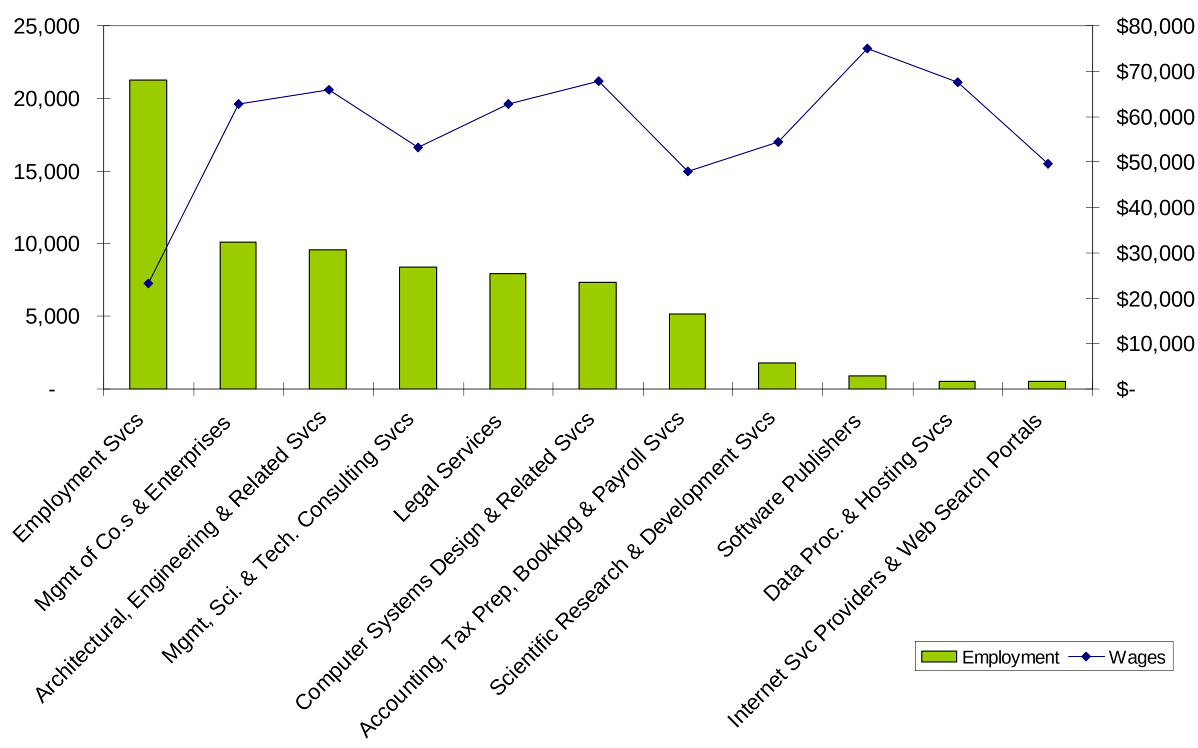


Figure 26 shows employment change from 2001 to 2005 for the industries in Professional, Business & Information Services.

Figure 26 Professional, Business & Info Svcs Industries Employment 2001-2005

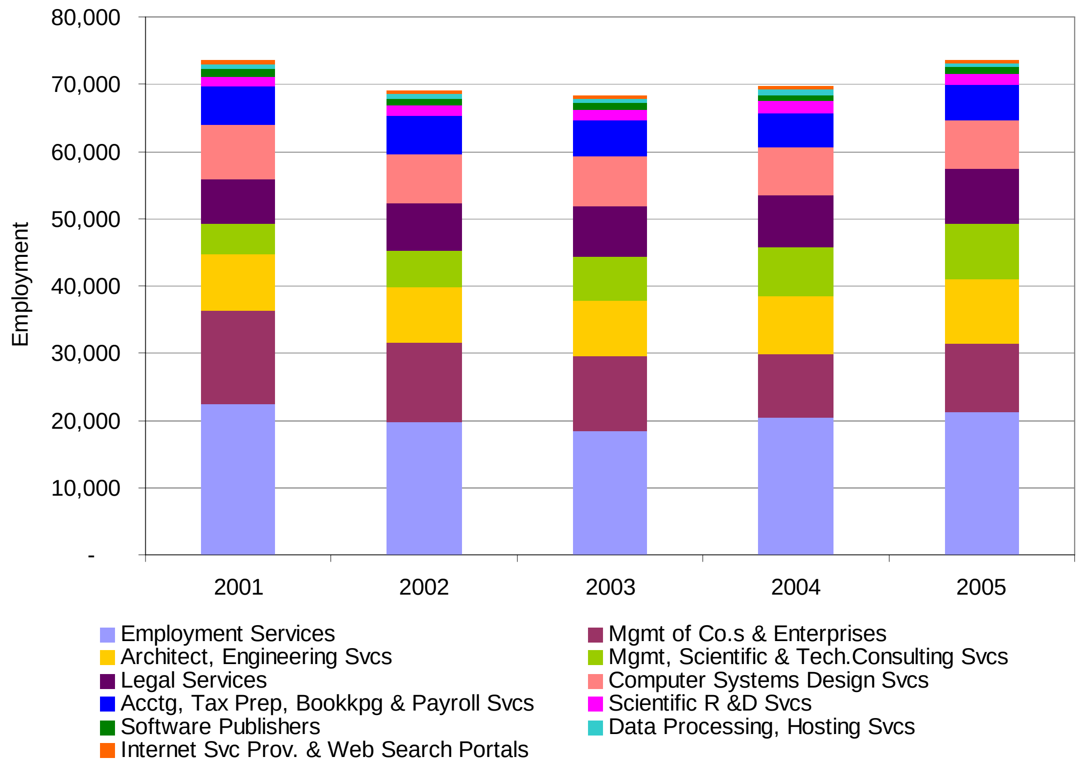


Figure 27 provides a summary of economic facts for the Professional, Business & Information Services sector.

Figure 27 Professional, Business & Information Services

NAICS	Industry	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
5411	Legal Services	8,000	20.7%	0.9	$ 62,728	99.5%	98.1%
5412	Accounting, Tax Prep, Bookkpg & Payroll Svcs	5,200	-10.9%	0.8	$ 47,880	99.3%	98.4%
5413	Architectural & Engineering Svcs	9,600	13.7%	0.9	$ 65,896	99.0%	95.5%
5415	Computer Systems Design Svcs	7,300	-8.2%	0.7	$ 67,797	98.7%	97.1%
5416	Mgmt, Scientific & Tech.Consult.Svcs	8,400	79.6%	1.0	$ 53,119	98.5%	97.0%
5417	Scientific R & D Svcs	1,800	26.7%	0.3	$ 54,354	100.0%	93.4%
5511	Mgmt of Co.s & Enterprises	10,100	-27.0%	0.7	$ 62,732	90.8%	79.6%
5613	Employment Svcs	21,300	-4.9%	0.8	$ 23,342	79.6%	58.9%
5112	Software Publishers	900	-19.9%	0.4	$ 74,995	100.0%	90.9%
5181	Internet Providers & Web Search Portals	500	-17.4%	0.3	$ 49,662	100.0%	100.0%
5182	Data Processing & Hosting Svcs	500	-24.0%	0.4	$ 67,577	100.0%	93.3%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. In 2005, this sector provided 20,500 jobs, and was the third largest component of the region's economic base.

Overall, this sector reported job growth of 9.7% from 2001 to 2005, up over 1,800 jobs. Two of the four sub-sectors reported job growth; the Amusement, Gambling, and Recreation Industries sub-sector reported the greatest number and percentage of job gains, up 12.9%, or over 1,200 jobs. Within the Amusement, Gambling, and Recreation Industries sub-sector, most of the jobs are found in Fitness & Recreational Sports Centers. The Accommodation sub-sector also reported growth, up 9%, or over 700 jobs.

The two other sub-sectors reported job losses. Motion Picture & Video Industries reported losses of almost 100 jobs (-7.6%). The greatest percentage of job losses was experienced by Sound Recording Industries, down 20%; however, this is a very small industry and this represents a loss of only 12 jobs.

The region has a lower concentration of Tourism & Entertainment jobs overall than found at the statewide level; however, at the sub-sector level, it has a slightly higher concentration of Amusement, Gambling & Recreation Industries jobs (at 1.1 LQ) than found statewide.

In 2005, the average annual wage reported for this sector was $17,673. This ranged from a high of $51,534 for Sound Recording Industries, to a low of $13,821 for Motion Picture & Video Industries. **Figure 28** shows employment and average annual wages for all of the sub-sectors.

Figure 28 Tourism & Entertainment 2005 Employment & Wages

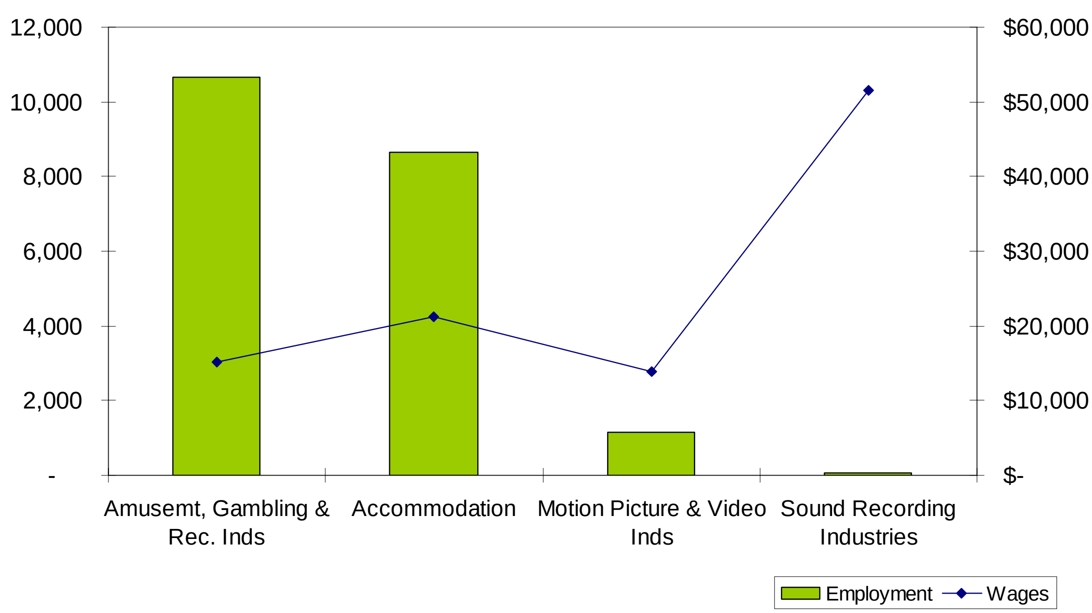


Figure 29 shows employment change from 2001 to 2005 for the industries in Tourism & Entertainment. Sound Recording Industries is not shown due to confidentiality.

Figure 29 Tourism & Entertainment Industries Employment 2001-2005

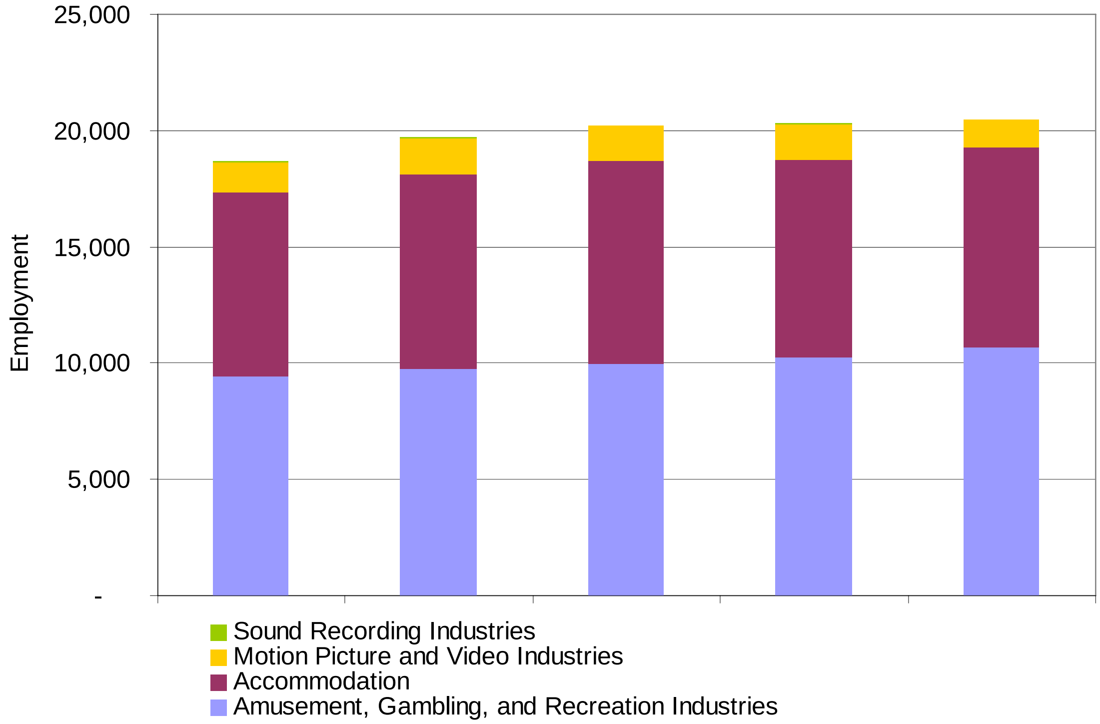


Figure 30 provides a summary of economic facts for the Tourism & Entertainment sector.

Figure 30 Tourism & Entertainment

NAICS	Sub-sector/Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
5121	Motion Picture & Video Industries	1,200	-7.6%	0.1	$ 13,821	100.0%	87.5%
5122	Sound Recording Industries	< 50	-20.0%	0.2	$ 51,534	100.0%	100.0%
713	Amusement, Gambling & Recreation	10,700	12.9%	1.1	$ 15,097	96.7%	86.0%
721	Accommodation	8,600	9.0%	0.7	$ 21,179	93.4%	88.2%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

RESOURCE BASED

The Resource Based industries include Farm[4], Logging, Mining, Sawmill & Woodworking Machinery Manufacturing, Fruit & Vegetable Preserving & Specialty Food Manufacturing, Animal

[4] Farm equals all Agriculture, Forestry, Fishing & Hunting jobs (NAICS 11) except Logging (NAICS 1133).

Slaughtering & Processing and Seafood Preparation & Packaging[5]. Resource Based is the second smallest component of the region's economic base.

In 2005, this sector provided almost 15,200 jobs for the region, although the sector reported job losses of over 1,800 jobs, or 10.7%, from 2001 to 2005. All seven of the sub-sectors in the Resource Based sector reported job losses during this period. The greatest number of jobs lost was reported by Farm, down over 1,200 jobs or 9.1% (led by losses in Crop Production). At the same time, within Farm, Support Activities for Agriculture & Forestry did report job growth during this period, up almost 800 jobs or 19.5%.

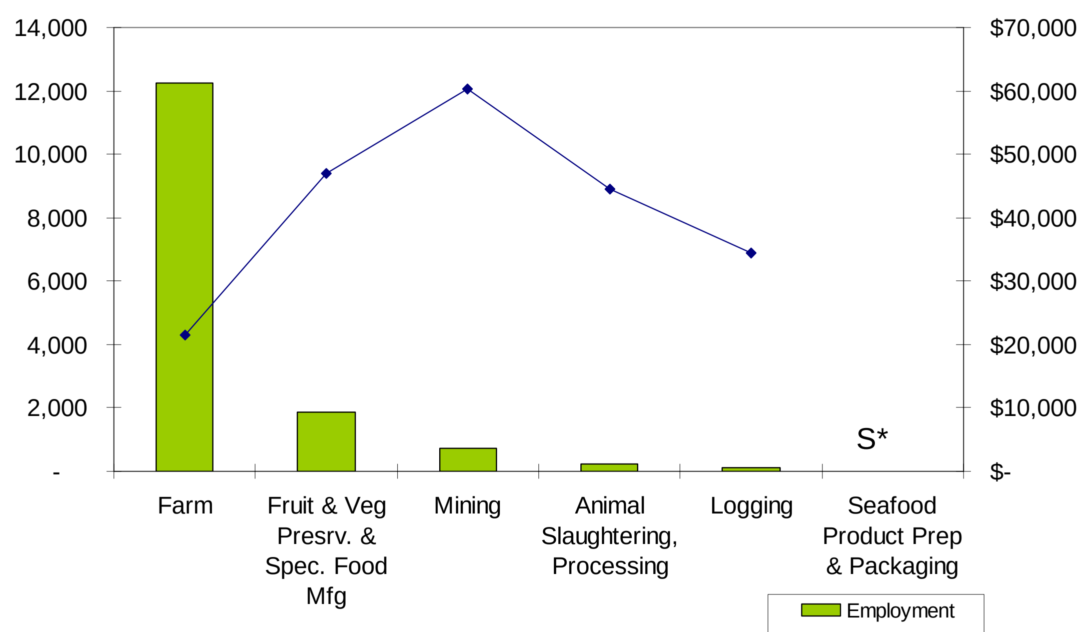
The greatest percentage of jobs lost was reported by Sawmill & Woodworking Machinery Manufacturing, down 100%, with no employment reported in 2005. This was a very small industry in 2001, although actual employment numbers must be suppressed due to confidentiality.

There is lower concentration of Resource Based jobs in this region than found at the statewide level. See **Figure 33** for the concentration levels (LQs) for all sub-sectors.

In 2005, the average annual wage reported for this sector was $27,298. This ranged from a high of $60,337 for Mining, to a low of $21,484 for Farm jobs.

Figure 31 shows employment and average annual wages for the Resource Based industries.

Figure 31 Resource Based 2005 Employment & Wages



* Employment suppressed due to confidentiality.

[5] There was no employment reported for Sawmill & Woodworking Machinery Manufacturing or for Seafood Preparation & Packaging for the Greater Sacramento Region. These industries are mentioned here so that the economic base definition is consistent across regions.

Figure 32 shows employment change from 2001 to 2005 for the Resource Based industries.

Figure 32 Resource Based Industries Employment 2001-2005

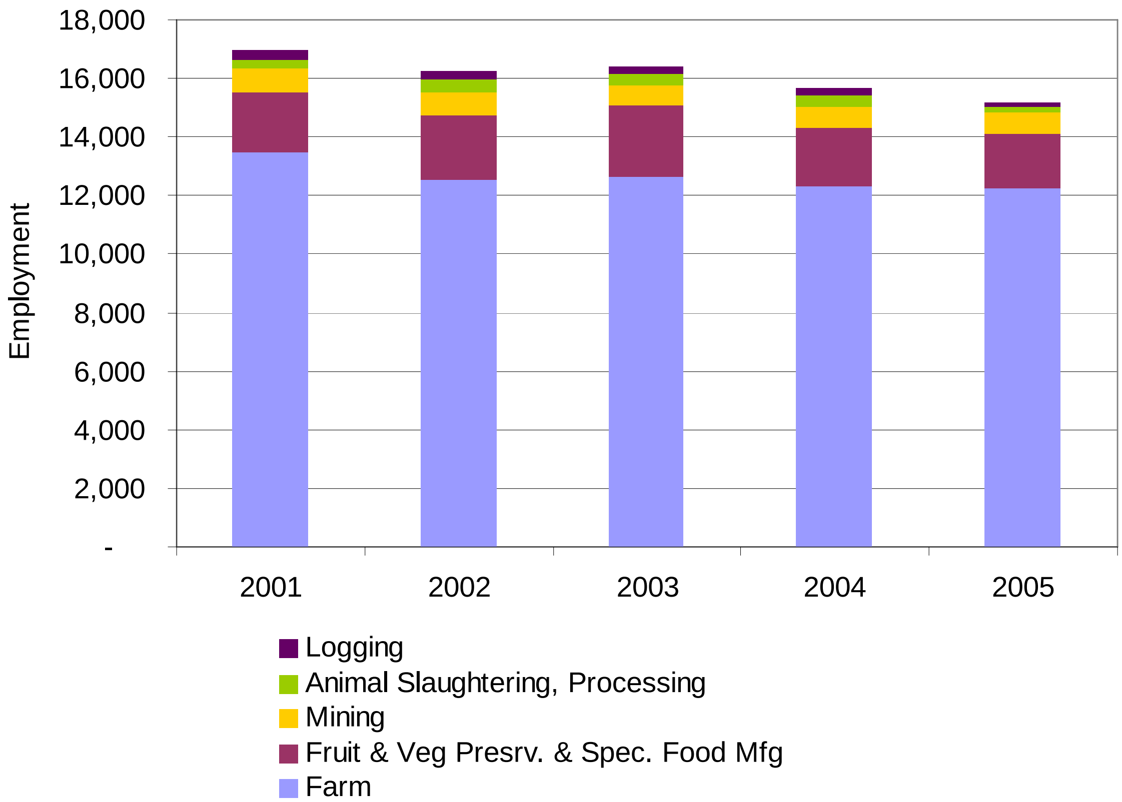


Figure 33 provides a summary of economic facts for the Resource Based industries.

Figure 33 Resource Based

NAICS	Sub-sector/Industry	2005 Emplymt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
11-1133	Farm	12,200	-9.1%	0.5	$ 21,484	98.3%	96.2%
1133	Logging	100	-60.3%	0.9	$ 34,368	100.0%	100.0%
21	Mining	700	-12.1%	0.5	$ 60,337	100.0%	100.0%
3114	Fruit, Veg. Preserv. & Spec.Food Mfg	1,900	-8.9%	0.9	$ 46,939	100.0%	100.0%
3116	Animal Slaughtering & Processing	200	-34.3%	0.2	$ 44,546	100.0%	100.0%
3117	Seafood Product Prep & Packaging	S	S	N/A	S	S	S
33321	Sawmill & Woodwk. Machinery Mfg	0	-100.0%	N/A	N/A	Not Available	Not Available

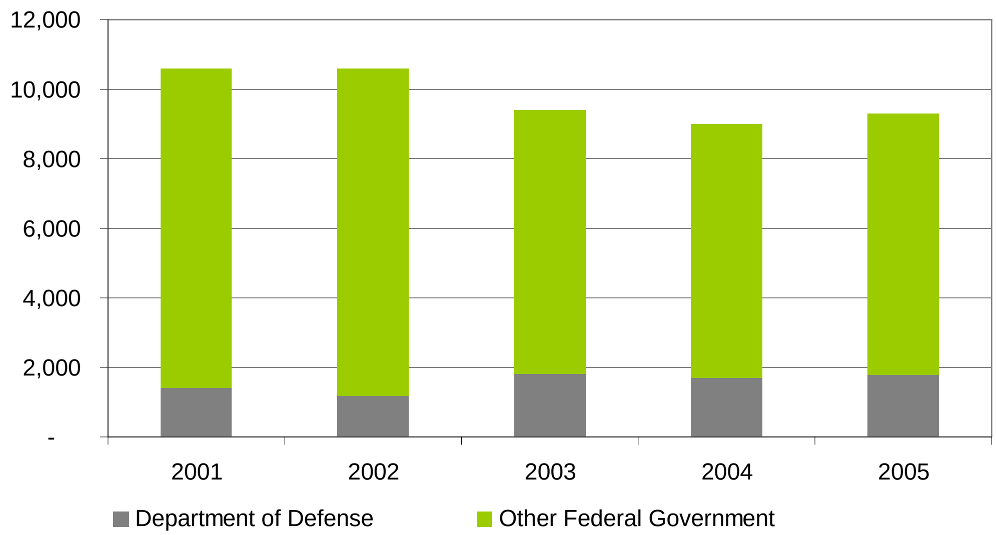
* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

FEDERAL GOVERNMENT, DEFENSE AND OTHER FEDERAL GOVERNMENT

The Federal Government sector in the economic base includes Defense and Other Federal Government. In 2005, this sector provided 9,300 of the region's jobs.

This sector experienced the loss of about 1,300 jobs from 2001 to 2005, down 12.3%. During this period, Defense reported job growth of almost 400 (up 26.1%), while Other Federal Government reported job losses of almost 1,700 (-18.2%).

Figure 34 Defense and Other Federal Government Employment 2001 to 2005



The region has a lower concentration of Defense and Other Federal Government jobs than found at the statewide level.

In 2005, the average annual wage for all federal jobs was $58,379. A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

Figure 35 provides a summary of economic facts for Federal Government, Defense and Other Federal Government.

Figure 35 Federal Government, Defense and Other Federal Government

Sub-sector	2005 Employmt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages***
Defense	1,800	26.1%	0.5	$ 58,379
Other Federal Government	7,500	-18.2%	0.6	$ 58,379

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

BEYOND THE ECONOMIC BASE: A LOOK AT INDUSTRY CLUSTERS AND OTHER INDUSTRIES IMPORTANT TO THE REGION'S ECONOMY

This section looks at industry clusters and sectors that are important to the region's economy, but are not considered a part of the economic base. Their inclusion here reflects the broader interpretation of the economic base seen in some of the past economic base reports.[6] For the Greater Sacramento Region, this will include the Food Chain cluster, Construction, Manufacturing Value Chain, Health Sciences & Services and All Government.

THE FOOD CHAIN

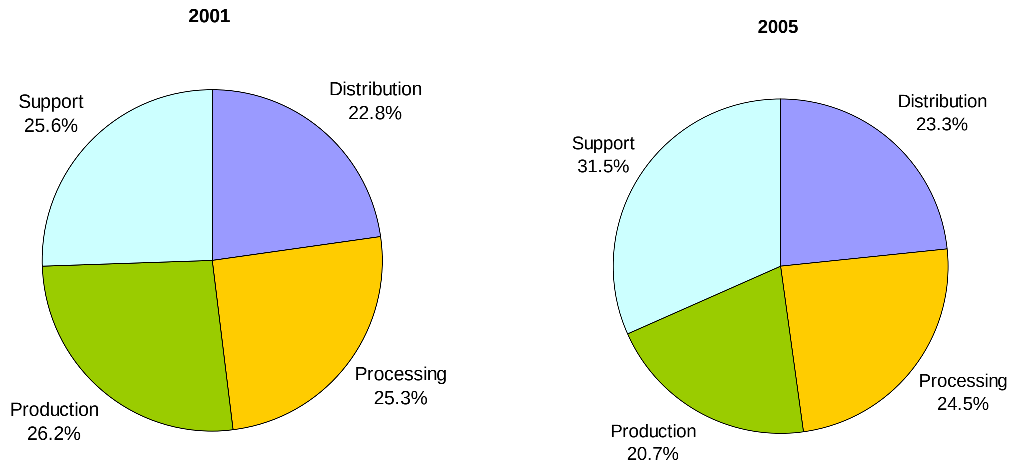
California is a leader in the global Food Chain. Global market forces are transforming California's Food Chain, as local firms become multinational firms and foreign firms produce locally in order to efficiently tailor products for local markets. As globalization has increased competition, it has also brought new opportunities in the form of new products for the state's consumers and new markets for the state's firms. Technology's role has been central as an enabler and driver in these global processes through advances in production, packaging, shipping and communications.[7] Locally, California companies are adopting innovative new processes in order to meet consumers' changing demands, such as the increasing demand for high quality convenience foods and organic products, while remaining competitive.

The Food Chain[8] cluster is composed of four components; Production, Support, Processing and Distribution. This cluster provides 3.3% of all jobs in the Greater Sacramento Region, or just over 31,500 jobs in 2005. From 2001 to 2005, the Food Chain cluster experienced job losses of almost 1,300 jobs, a drop of almost 4%.

Most of the jobs within this region's Food Chain cluster are in Support industries, providing 31.5% of the cluster's jobs, followed by Processing (24.5%), Distribution (23.3%) and Production (20.7%). The distribution of jobs within the Food Chain cluster changed in all four areas from 2001 to 2005, with the greatest changes in Production and Support, as seen in **Figure 36**.

[6] The economic base reports released in 2006 used a broader definition of the economic base than the traditional one, as did the reports released in 2004 for the rural regions.
[7] Excerpts from the report, *California's Food Chain at Work*, prepared for the California Economic Strategy Panel by Collaborative Economics, Inc.
[8] This cluster includes some of the industries presented in the Resource Based component of the economic base.

Figure 36 Employment Distribution 2001 & 2005



From 2001-2005, three of the four cluster components reported job losses; only Support reported growth, up by almost 1,500 jobs, or 17.7%. This was led by growth in Support Activities for Crop Production, up about 700 jobs, and Water & Sewer Line & Related Structures Construction, up 550 jobs. Production experienced the greatest number of jobs lost, down almost 2,100 jobs, or 24%; Processing lost almost 600 jobs (-6.8%), and Distribution lost over 100 jobs (-1.9%).

Size of Business

From 2001 to 2005, the percentage of Food Chain businesses with fewer than 100 employees remained constant, at 96.6% in 2001 and 96.9% in 2005. These businesses provided 48.4% of the Food Chain employment in 2001, and 50.9% in 2005. In contrast, only 3.2% of the businesses in the Food Chain employ 100 or more workers, and these businesses provide 49.1% of the Food Chain jobs.

Figure 37 Distribution of Firms and Jobs in the Food Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	52.6%	4.7%
5-9	18.0%	7.0%
10-19	14.7%	12.1%
20-49	9.0%	16.5%
50-99	2.6%	10.6%
100-249	2.2%	21.0%
250-499	0.6%	13.3%
500+	0.3%	14.8%

Businesses with fewer than 50 employees provided 40.3% of all Food Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 46.7% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 11.7% of all Food Chain jobs, compared to 15.7% of all private industry jobs.

Production reported the highest percentage of businesses with fewer than 100 employees, at 99.3%, followed by Distribution at 95.9%. Processing reported the lowest percentage, at 92.6%. The percentage of Food Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 38**.

Figure 38 provides a summary of facts for the Food Chain cluster components.

Figure 38 Food Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Production	6,500	-24.0%	0.6	$ 22,367	99.3%	97.6%
Support	9,900	17.7%	0.7	$ 30,022	93.2%	88.9%
Processing	7,700	-6.8%	0.6	$ 41,444	92.6%	89.3%
Distribution	7,300	-1.9%	0.8	$ 39,661	95.9%	92.2%
Food Chain Totals	**31,500**	**-3.9%**	**0.7**	**$ 33,517**	**96.9%**	**94.3%**

* Employment rounded to nearest 100. Total employment may not equal sum of components due to rounding or suppression.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Production

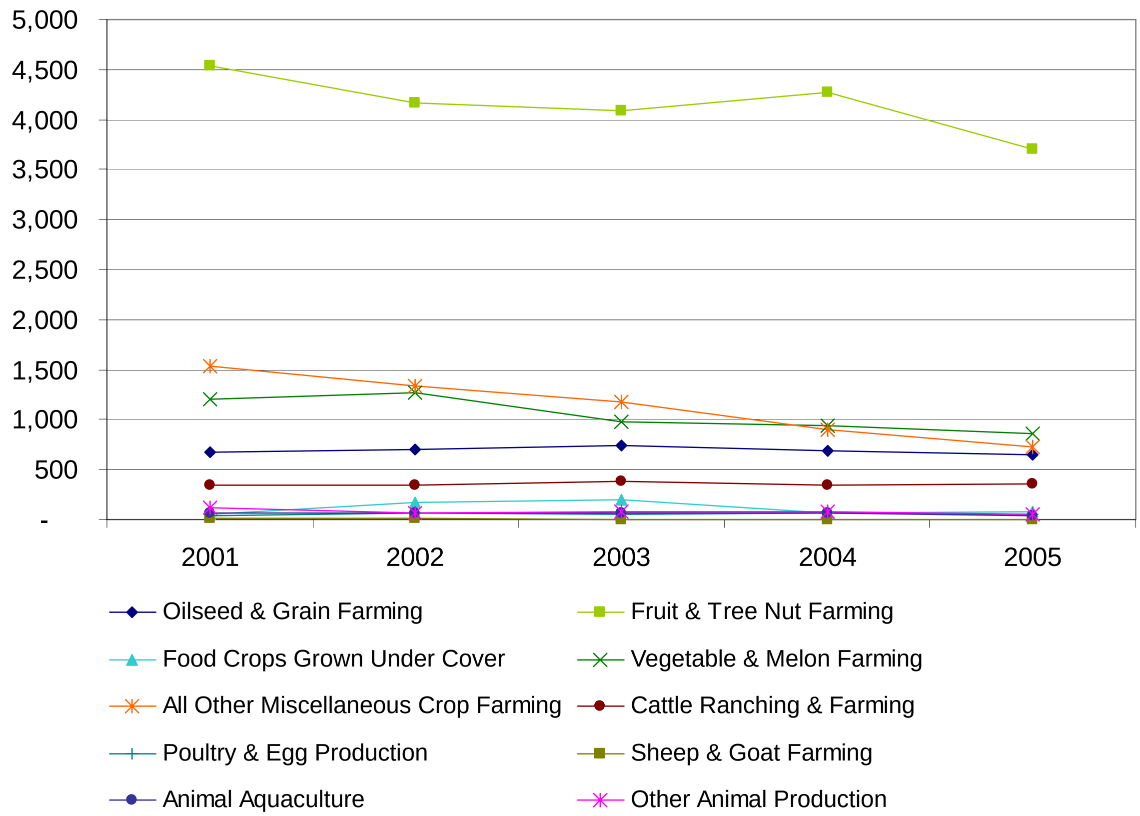
Production is smallest in employment size, of the four Food Chain components, with over 6,500 jobs in 2005. Within Production, the largest industry by far is Fruit & Tree Nut Farming with 3,700 jobs in 2005, followed by Vegetable & Melon Farming with almost 900 jobs. Although Production as a whole reported job losses from 2001 to 2005 of almost 2,100 jobs (down 24%), some industries within Production reported very slight job gains. These gains were led by Food Crops Grown Under Cover, up less than 20 jobs (+25.4%) and Cattle Ranching & Farming, also up less than 20 jobs (+3.2%).

The job losses in Production were led by Fruit & Tree Nut Farming, down over 800 jobs, or 18.3%, followed by All Other Miscellaneous Crop Farming, down 800 jobs (-52.2%).

Figure 39 graphs the employment change for the Production industries from 2001 to 2005. Employment for Fishing and Hunting & Trapping is suppressed due to confidentiality.

More information on each industry's size and growth are provided in **Figure 40**.

Figure 39 Production Industries Employment Growth 2001-2005



The Greater Sacramento Region has a lower concentration of Production jobs (0.6 LQ) than found at the statewide level; however, within Production, two industries reported higher concentrations. Oilseed & Grain Farming has a very high concentration, at 4.2 LQ, and provides almost 700 jobs. This is followed by Animal Aquaculture, with a concentration of 1.2 LQ, although very small in employment size (fewer than 50 jobs). The concentration for each Production industry is provided in **Figure 40**.

Overall, Production reported an average annual wage of $22,367 in 2005, which is less than half of the region's average annual wage for all private industries of $39,267. Within Production, Animal Aquaculture reported the highest average wage, at $87,632, followed by Food Crops Grown Under Cover at $38,608, while Fruit & Nut Tree Farming reported the lowest, at $18,602.

Figure 40 provides a summary of economic facts for the Food Chain Production industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 40 Food Chain – Production

NAICS	Production	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
1111	Oilseed & Grain Farming	700	-2.2%	4.2	$ 24,746	100.0%	100.0%
1113	Fruit & Tree Nut Farming	3,700	-18.3%	0.7	$ 18,500	98.9%	96.6%
11141	Food Crops Grown Under Cover	100	25.4%	0.3	$ 38,608	Not Available	Not Available
11193	Sugarcane Farming	0	N/A	N/A	N/A	N/A	N/A
111991	Sugar Beet Farming	0	N/A	0.0	N/A	Not Available	Not Available
111992	Peanut Farming	0	N/A	0.0	N/A	N/A	N/A
1112	Vegetable & Melon Farming	900	-28.7%	0.4	$ 27,436	100.0%	93.5%
111998	All Other Misc. Crop Farming	700	-52.2%	0.9	$ 26,017	Not Available	Not Available
1121	Cattle Ranching & Farming	400	3.2%	0.3	$ 26,120	100.0%	100.0%
1122	Hog & Pig Farming	0	N/A	0.0	N/A	N/A	N/A
1123	Poultry & Egg Production	100	18.6%	0.2	$ 24,260	100.0%	100.0%
1124	Sheep & Goat Farming	< 10	-57.1%	0.2	$ 19,519	100.0%	100.0%
1125	Animal Aquaculture	< 50	-37.9%	1.2	$ 87,632	100.0%	100.0%
1129	Other Animal Production	100	-53.3%	0.5	$ 30,271	100.0%	100.0%
1141	Fishing	S	33.3%	0.1	$ 23,289	100.0%	100.0%
1142	Hunting and Trapping	S	S	0.4	S	100.0%	100.0%
	Production Totals, Non-suppressed* **	**6,500**	**-24.0%**	**0.6**	**$ 22,367**	**99.3%**	**97.6%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

Support

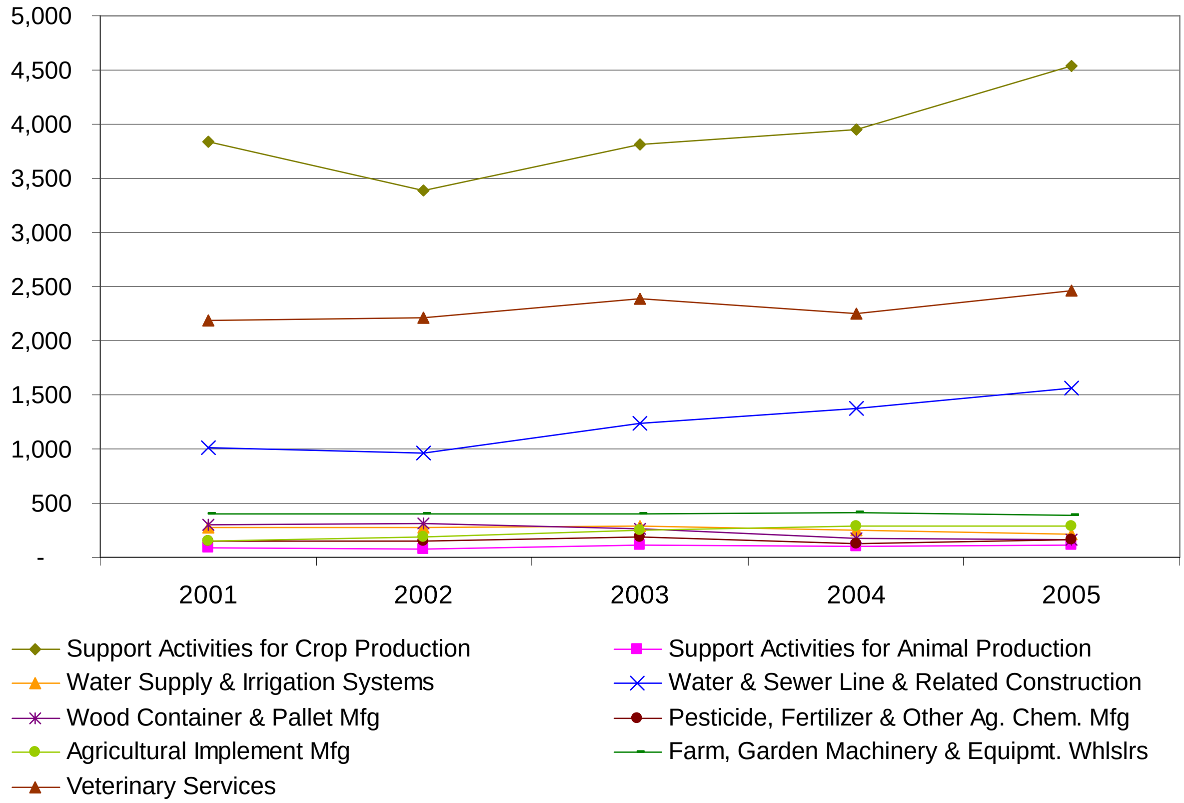
Support is the largest component of the region's Food Chain cluster, with almost 9,900 jobs in 2005. Support grew by almost 1,500 jobs, or 17.7% from 2001 to 2005. Within Support, the largest industry is Support Activities for Crop Production, with over 4,500 jobs. This industry grew by 18.5% from 2001 to 2005, adding over 700 jobs. Second in size, Veterinary Services reported almost 2,500 jobs in 2005, representing a 12.4% increase from 2001.

From 2001 to 2005, the fastest growing Support industry (largest percentage increase in jobs) was Food Product Machinery Manufacturing, increasing by 106.3% (a 19.8% AAGR). Food Product Machinery Manufacturing is very small, and employment numbers are suppressed due to confidentiality. This was followed by Agricultural Implement Manufacturing, up 99.3% (an 18.8% AAGR), and Water & Sewer Line & Related Structures Construction, up 54.5% (an 11.5% AAGR).

The largest percentage of jobs lost during this period was reported by Wood Container & Pallet Manufacturing, with a loss of 48%; this is a very small industry with fewer than 200 jobs in 2005. The largest number of jobs lost during this period was also reported by Wood Container & Pallet Manufacturing, down over 100 jobs.

Figure 41 graphs the employment change for the Support industries from 2001 to 2005.

Figure 41 Support Industries Employment Growth 2001-2005



The Greater Sacramento Region has a low concentration of Support jobs, compared to the statewide level; however, three sub-sectors/industry groups have higher concentrations. This includes Agricultural Implement Manufacturing (2.0 LQ), Veterinary Services (1.4 LQ), and Water & Sewer Line & Related Structures Construction (1.3 LQ).

Overall, Support reported an average annual wage of $30,022 in 2005, which is lower than the region's average annual wage for all private industries of $39,267, but up almost 15% from 2001. The highest paying industries within Support are Water & Sewer Line & Related Construction, with an average annual wage of $55,169, followed by Farm & Garden Machinery & Equipment Merchant Wholesalers ($47,023) and Pesticide, Fertilizer, & Other Agricultural Chemical Manufacturing ($47,015). The industry with the lowest average annual wage is Support Activities for Crop Production, at $18,695.

Figure 42 provides a summary of economic facts for the Food Chain Support industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 42 Food Chain - Support

NAICS	Support	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
1151	Support Activities for Crop Production	4,500	18.5%	0.4	$ 18,695	91.6%	86.8%
1152	Support Activities for Animal Production	100	18.3%	0.6	$ 26,267	100.0%	100.0%
22131	Water Supply & Irrigation Systems	2006	-22.3%	0.8	$ 38,939	Not Available	Not Available
23711	Water & Sewer Line & Rel. Construction	1,600	54.4%	1.3	$ 55,169	Not Available	Not Available
32192	Wood Container & Pallet Mfg	200	-48.0%	0.5	$ 24,226	Not Available	Not Available
3253	Pesticide, Fertilizer & Other Ag.Chem.Mfg	200	6.5%	0.9	$ 47,015	100.0%	100.0%
33311	Agricultural Implement Mfg	300	99.3%	2.0	$ 37,689	Not Available	Not Available
333294	Food Product Machinery Mfg	S	106.3%	0.5	$ 28,424	Not Available	Not Available
42382	Farm, Garden Machinery & Equip. Whlslrs	400	-2.2%	1.0	$ 47,023	Not Available	Not Available
54194	Veterinary Services	2,500	12.4%	1.4	$ 30,019	Not Available	Not Available
	Support Totals	**9,900**	**17.7%**	**0.7**	**$ 30,022**	**93.2%**	**88.9%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Processing

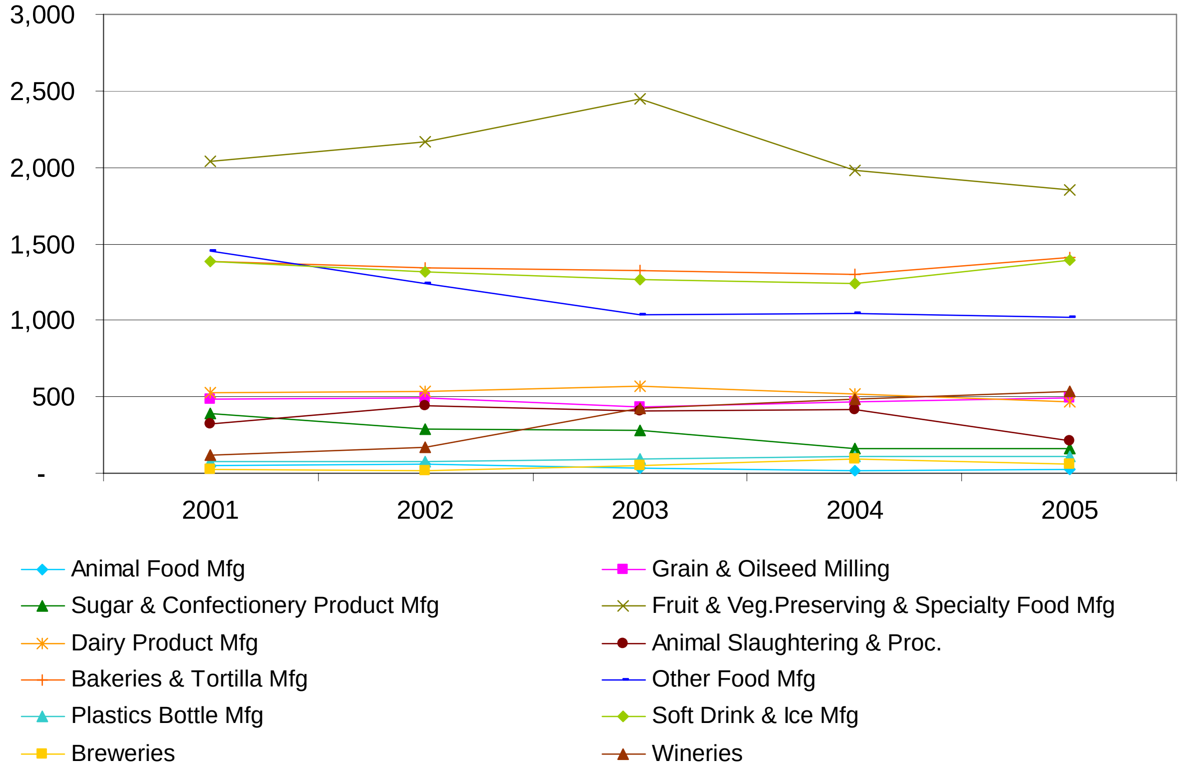
The Processing component of the Food Chain cluster is the second largest component, with over 7,700 jobs; however, Process experienced job losses of almost 600 jobs from 2001 to 2005, down 6.4%. Within Processing, the largest industry is Fruit & Vegetable Preserving & Specialty Food Manufacturing, with almost 1,900 jobs in 2005 (led by Specialty Canning and Dried & Dehydrated Food Manufacturing). Second, Bakeries & Tortilla Manufacturing reported just over 1,400 jobs (led by Commercial Bakeries).

The largest number of jobs gained in Processing, for the period 2001to 2005, was in Wineries, with a gain of over 400 jobs. Wineries was also the fastest growing (reporting the greatest percentage of jobs gained), up 356%. The second largest number of jobs gained was reported by Breweries, with a gain of about 40 jobs.

The job losses in Processing from 2001 to 2005 were led by Other Food Manufacturing, down over 400 jobs, followed by Sugar & Confectionery Product Manufacturing, down over 200 jobs.

Figure 43 graphs the employment change for the Processing industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure44**.

Figure 43 Processing Industries Employment Growth 2001-2005



The Greater Sacramento Region has a lower concentration of Processing jobs than found at the statewide level; however, the region has a higher concentration in Soft Drink & Ice Manufacturing (2.5 LQ) and Grain & Oilseed Milling (1.7 LQ). The concentration for each Production industry is provided in **Figure 44**.

Overall, Processing reported an average annual wage of $41,441 in 2005, which is higher than the region's average annual wage for all private industries of $39,267. Within Processing, Animal Food Manufacturing reported the highest average wage, at $48,980, followed by Grain & Oilseed Milling, at $47,299. Sugar & Confectionery Product Manufacturing reported the lowest, at $27,321, well below the region's average.

Figure 44 provides a summary of economic facts for the Food Chain Processing industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level. Some size-of-business data was suppressed, causing more industries to report 100% of their businesses as employing fewer than 100 and 50, which could be misleading. Most of these industries have some firms reporting employment greater than 50 and/or 100 employees.)

Figure 44 Food Chain - Processing

NAICS	Processing	2005 Emplymt*	2001-2005 Growth	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
3111	Animal Food Manufacturing	< 50	-51.9%	0.1	$ 48,980	100.0%	100.0%
3112	Grain & Oilseed Milling	500	1.0%	1.7	$ 47,299	0.0%	0.0%
3113	Sugar & Confectionery Product Mfg	200	-58.2%	0.3	$ 27,321	100.0%	100.0%
3114	Fruit & Veg. Presrv & Spec. Food Mfg	1,900	-8.9%	0.9	$ 46,939	100.0%	100.0%
3115	Dairy Product Manufacturing	500	-12.0%	0.5	$ 45,690	S	S
3116	Animal Slaughtering & Processing	200	-34.3%	0.2	$ 44,546	100.0%	100.0%
3117	Seafood Product Prep & Packaging	S	-87.8%	0.0	S	100.0%	100.0%
3118	Bakeries & Tortilla Mfg	1,400	1.7%	0.6	$ 37,318	94.1%	94.1%
3119	Other Food Manufacturing	1,000	-30.0%	0.8	$ 36,213	100.0%	100.0%
322215	Nonfolding Sanitary Food Contnr Mfg	0	N/A	N/A	N/A	Not Available	Not Available
32616	Plastics Bottle Manufacturing	100	39.2%	0.4	$ 37,920	Not Available	Not Available
327213	Glass Container Manufacturing	0	N/A	N/A	N/A	Not Available	Not Available
332115	Crown and Closure Manufacturing	0	N/A	N/A	N/A	Not Available	Not Available
332431	Metal Can Manufacturing	S	8.4%	0.9	$ 48,693	Not Available	Not Available
31211	Soft Drink & Ice Manufacturing	1,400	0.2%	2.5	$ 42,615	Not Available	Not Available
31212	Breweries	100	148.0%	0.3	$ 15,379	Not Available	Not Available
31213	Wineries	500	356.4%	0.3	$ 34,791	Not Available	Not Available
31214	Distilleries	0	N/A	N/A	N/A	Not Available	Not Available
	Processing Totals, Non-suppressed***	**7,700**	**-6.4%**	**0.6**	**$ 41,444**	**92.6%**	**89.3%**

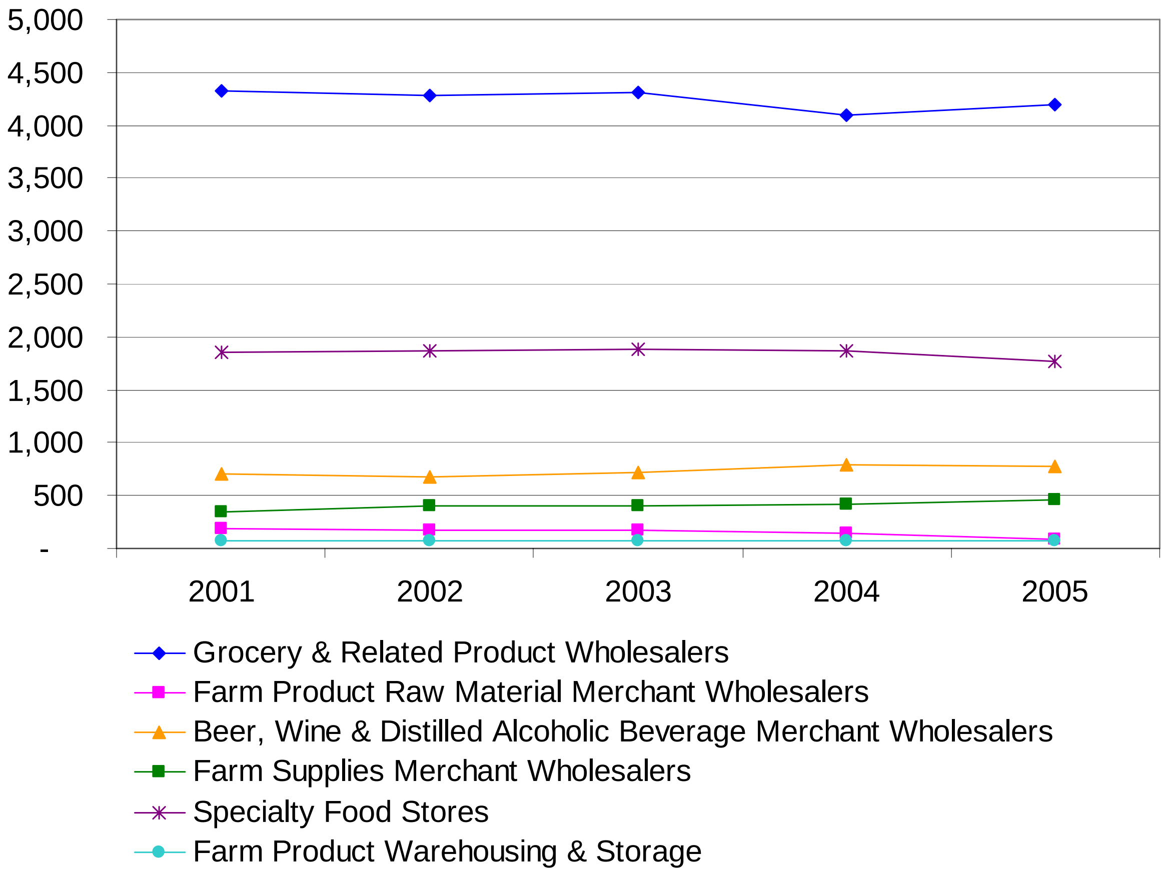
* Employment rounded to nearest 100; when very small, rounded to nearest 10. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

Distribution

Distribution is the third largest component of the region's Food Chain cluster, with over 7,300 jobs in 2005. From 2001 to 2005, Distribution experienced job losses of over 100, down 1.9%. The largest industry within Distribution is Grocery & Related Product Wholesalers, with 4,200 jobs in 2005, followed by Specialty Food Stores with almost 1,800 jobs. Farm Supplies Merchant Wholesalers and Beer, Wine & Distilled Alcoholic Beverage Merchant Wholesalers were the two industries within Distribution to report job growth from 2001 to 2005, adding 100 jobs and about 70 jobs, respectively.

Figure 45 graphs the employment change for the Distribution industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure 46**.

Figure 45 Distribution Industries Employment 2001-2005



The Greater Sacramento Region has a lower concentration of Distribution jobs than found at the statewide level. Within Distribution, two industries had higher concentrations; Farm Product Warehousing & Storage had a much higher concentration (2.3 LQ) and Farm Supplies Merchant Wholesalers had a slightly higher concentration (1.1 LQ) than the statewide level. The concentration for each Distribution industry is provided in **Figure 46**.

Overall, Distribution reported an average annual wage of $39,661 in 2005, which is only slightly greater than the region's average annual wage for all private industries of $39,267. Within Distribution, Farm Supplies Merchant Wholesalers reported the highest average wage, at $59,459, while Specialty Food Stores reported the lowest, at $22,169.

Figure 46 provides a summary of economic facts for the Food Chain Distribution industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 46 Food Chain - Distribution

NAICS	Distribution	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 100 employees
4244	Grocery & Related Product Wholesalers	4,200	-3.0%	0.8	$ 43,620	93.0%	87.4%
4245	Farm Product Raw Material Whlslrs	100	-50.3%	0.9	$ 27,104	100.0%	100.0%
4248	Beer, Wine,Distilled Alcoholic Bevg. Whlslrs	800	9.5%	1.0	$ 48,406	75.0%	75.0%
42491	Farm Supplies Merchant Wholesalers	500	29.3%	1.1	$ 59,459	Not Available	Not Available
4452	Specialty Food Stores	1,800	-4.5%	0.8	$ 22,169	100.0	%98.2
49313	Farm Product Warehousing & Storage	100	-11.0%	2.3	$ 35,572	Not Available	Not Available
	Distribution Totals	**7,300**	**-1.9%**	**0.8**	**$ 39,661**	**95.9%**	**92.2%**

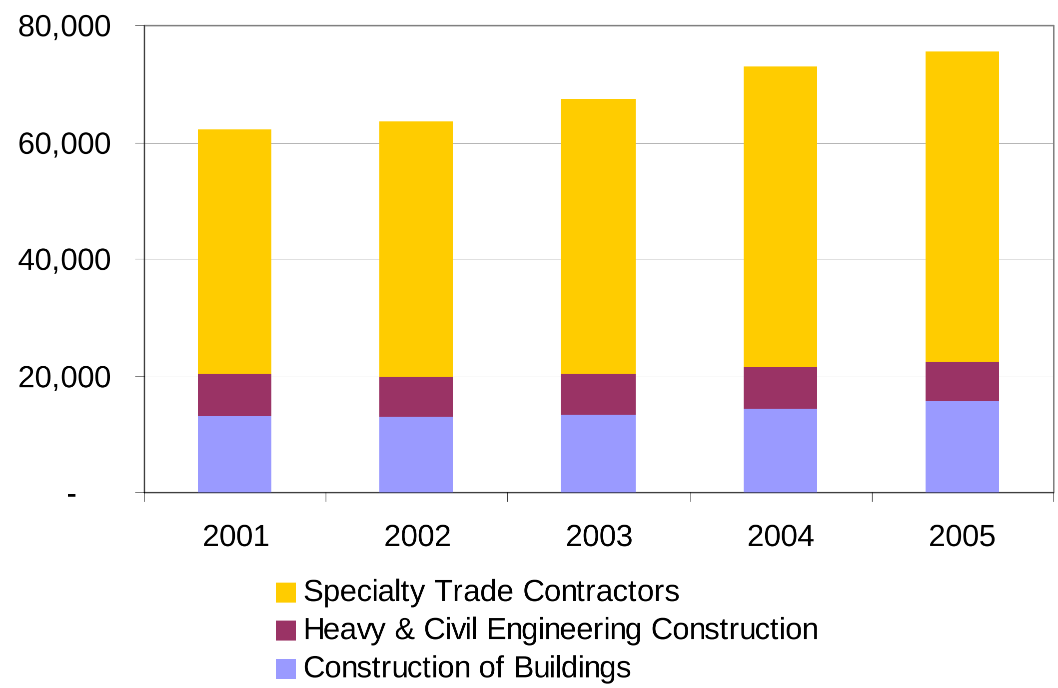
* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

CONSTRUCTION

The Construction industry provides 8% of the jobs for the Greater Sacramento Region, with 75,600 jobs in 2005. From 2001 to 2005, employment increased by 21.7%, or almost 13,500 jobs.

Two of the three sub-sectors reported growth during this period. Specialty Trade Contractors grew by almost 11,200 jobs, up 26.7%, and Construction of Buildings grew by almost 2,800 jobs, or 21.5%, while Heavy and Civil Engineering Construction reported job losses of 500 jobs, or 7.1%.

Figure 47 Construction Sub-sector Employment 2001-2005



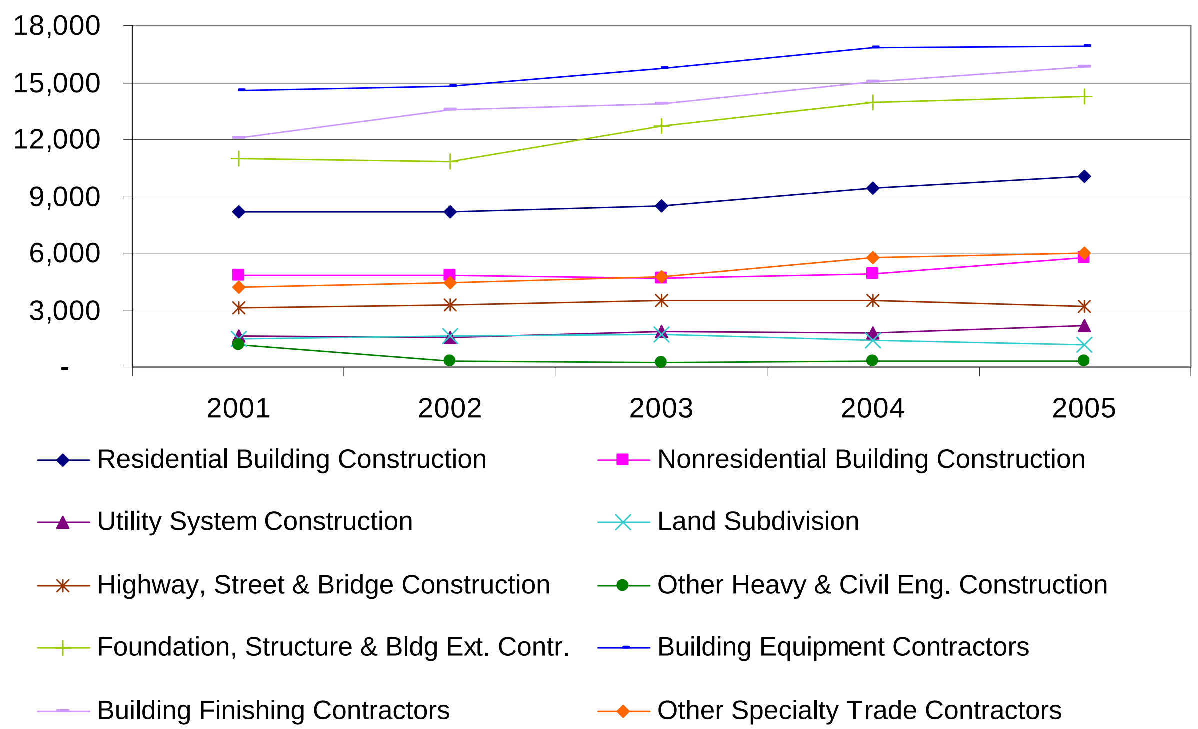
Within Construction of Buildings, the largest industry group is Residential Building Construction. Both Residential Building Construction and Nonresidential Building Construction both reported job gains from 2001-2005. Residential Building Construction grew by 1,900 jobs, up 23.4% (led by New Single-Family Housing Construction), and Nonresidential Building Construction grew by 900 jobs, up 18.4% (led by Commercial & Institutional Building Construction).

Within Heavy & Civil Engineering Construction, the largest industry group is Highway, Street & Bridge Construction, followed by Utility System Construction. Utility System Construction added the most jobs, up over 500 jobs, or 34%, from 2001 to 2005; this growth was due to growth in Water & Sewer Line & Related Structures Construction. Highway, Street & Bridge Construction added over 100 jobs during this period, up 4.3%. The greatest loss, in both number and percentage of jobs lost, was reported by Other Heavy & Civil Engineering Construction, down almost 900 jobs, or 74.5%.

Within Specialty Trade Contractors, the largest industry is Building Equipment Contractors, with almost 16,900 jobs in 2005; this industry reported growth of almost 2,400 jobs, up 16.2% from 2001 to 2005. Building Finishing Contractors reported the greatest number of jobs gained during this period, up over 3,700 jobs, and Other Specialty Trade Contractors reported the fastest growth (greatest percentage of jobs gained), up 43%.

Figure 48 shows employment growth for the Construction industries from 2001 to 2005.

Figure 48 Construction Industries Employment 2001-2005



The Greater Sacramento Region has a higher concentration of Construction jobs (1.4 LQ) than found statewide. Within Construction, the sub-sector with the highest concentration was Specialty Trade Contractors, at 1.4 LQ. Looking more closely at the industry group level (five-digit NAICS code level), and across all sub-sectors, the industries with the highest concentrations were Siding Contractors (6.2 LQ) and Highway, Street & Bridge Construction (1.9 LQ). The concentration for each Construction industry is provided in **Figure 49**.

Overall, Construction reported an average annual wage of $44,683 in 2005, which is somewhat lower than the region's average annual wage for all private industries of $39,267. Within Construction, at the industry level (five-digit NAICS code level) the Land Subdivision industry reported the highest average wage, at $84,350, while the Painting & Wall Covering Contractors industry reported the lowest, at $30,873.

Size of Business

From 2001 to 2005, the percentage of Construction industry businesses with fewer than 100 employees remained fairly constant, from 97.7% in 2001 to 97.5% in 2005. These businesses provided 64.3% of Construction employment in 2001, and 60.5% in 2005. In contrast, only 2.5% of the businesses in Construction employ 100 or more workers, and these businesses provide 39.5% of Construction jobs.

Figure 49 Distribution of Firms and Jobs in Construction by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	54.9%	6.2%
5-9	18.3%	8.6%
10-19	12.2%	11.8%
20-49	9.2%	19.5%
50-99	2.9%	14.4%
100-249	1.8%	18.7%
250-499	0.6%	13.4%
500+	0.1%	7.4%

Businesses with fewer than 50 employees provided 46.1% of all Construction jobs in 2005; in comparison, businesses with fewer than 50 employees provided 46.7% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 14.8% of all Construction jobs, compared to 15.7% of all private industry jobs.

Other Heavy & Civil Engineering Construction reported the highest percentage of businesses with fewer than 100 employees, at 100.0% (some employment was suppressed for this industry group). Nonresidential Building Construction reported the lowest percentage, at 94.7%. The percentage of Construction firms with fewer than 100 employees and fewer than 50 employees, by industry, is included in **Figure50.**

Figure 50 provides a summary of economic facts for the Construction industries.

Figure 50 Construction

NAICS	Industry	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
2361	Residential Bldg Constr.	10,100	23.4%	1.1	$ 46,958	99.3%	97.6%
2362	Nonresidential Bldg Constr.	5,700	18.4%	1.4	$ 63,846	94.7%	89.7%
2371	Utility System Constr.	2,100	34.0%	1.0	$ 57,360	96.0%	88.0%
2372	Land Subdivision	1,100	-21.9%	1.1	$ 84,350	96.2%	96.2%
2373	Highway, Street & Bridge Constr.	3,200	4.3%	1.9	$ 63,339	94.8%	84.4%
2379	Other Heavy & Civil Engineering Constr.	300	-74.5%	0.5	$ 58,813	100.0%	100.0%
2381	Foundation, Struct., Bldg Exter. Contractors	14,200	29.9%	1.5	$ 37,031	96.5%	92.8%
2382	Bldg Equipmt Contractors	16,900	16.2%	1.4	$ 44,133	97.6%	94.4%
2383	Bldg Finishing Contractors	15,800	30.8%	1.4	$ 34,672	97.4%	94.8%
2389	Other Specialty Trade Contractors	6,000	43.0%	1.4	$ 45,864	98.4%	96.1%

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

MANUFACTURING VALUE CHAIN

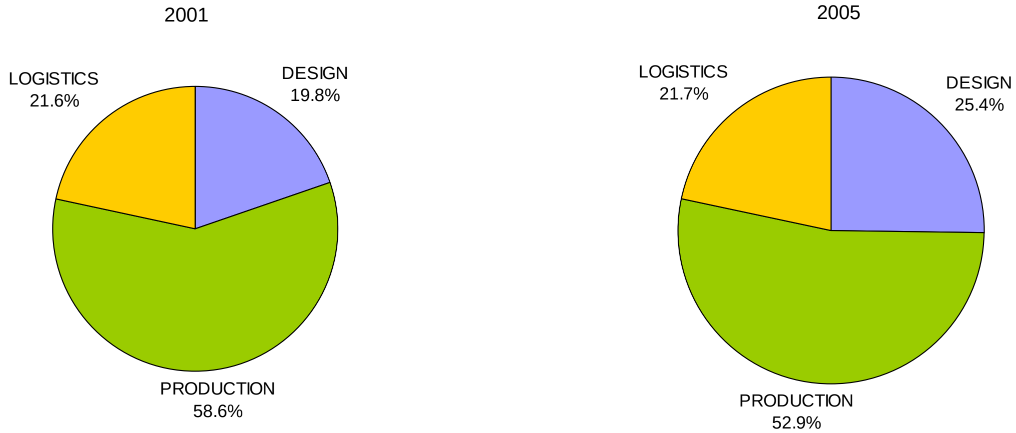
California's manufacturing industry has undergone a transformation. While traditional manufacturing (production) jobs have declined since the 1990's, job growth has occurred in the design and logistics (warehousing and delivery) phases of manufacturing. Improvements in production technology have increased production, as measured in gross domestic product, but have reduced the number of production jobs. At the same time, the "just in time" approach to supply and delivery is lowering warehousing costs and has increased the number and types of jobs in logistics.

The California Regional Economies Project calls this industry cluster the Manufacturing Value Chain. Manufacturing industries are important for innovation, high wages and exports. The design and logistics components of manufacturing are providing more middle and higher-level jobs that pay well and offer career development opportunities. By definition, the Manufacturing Value Chain includes some of the manufacturing industries discussed in the economic base analysis, under High Tech Manufacturing and Diversified Manufacturing, presented earlier in this report. This section of the report takes a look at a broader range of manufacturing activities in the region.

The Manufacturing Value Chain provides almost 10% of the region's jobs, with almost 86,400 jobs in 2005 (some employment has been suppressed due to confidentiality). From 2001 to 2005, this cluster gained almost 2,000 jobs, up 2.4%. Design and Production reported growth, while Production reported job losses during this period.

Within the Manufacturing Value Chain cluster, the percentage of jobs made up by each component has changed over time. In 2001, Design represented 19.8% of the jobs within the cluster; this grew to 25.4% by 2005. At the same time, Production went from 58.6% in 2001 down to 52.9% in 2005. Logistics' share of the jobs in the cluster remained fairly constant at 21.6% in 2001, and 21.7% in 2005. **Figure 51** illustrates these changes.

Figure 51 Distribution of Jobs within the Manufacturing Value Chain



Overall, the Greater Sacramento Region's concentration of Manufacturing Value Chain cluster jobs is lower than that found statewide. The region has a significantly higher concentration in several industries within the cluster, representing a strong competitive advantage in these areas. The highest of these include Pipeline Transportation of Natural Gas (10.8 LQ), although employment numbers are suppressed due to confidentiality. This is followed by Other Wood Product Manufacturing (2.2 LQ) and Veneer, Plywood & Engineered Wood Product Manufacturing (2.1 LQ). **Figures 55, 57 and 59** provide further data on concentrations of jobs by industry in each component of the value chain.

The Manufacturing Value Chain cluster's average annual wage for the region in 2005 was $54,304, significantly higher than the region's average for all private industry jobs, at $39,267. Within the cluster, the component with the highest average annual wage is Production, with an average of $60,416 in 2005. The average annual wage for Design was $54,996 in 2005, and the average for Logistics was $38,435 in 2005.

Size of Business

From 2001 to 2005, the percentage of Manufacturing Value Chain businesses with fewer than 100 employees remained fairly constant, decreasing very slightly from 96.7% in 2001 to 96.4% in 2005. These businesses provided 48.0% of Manufacturing Value Chain employment in 2001, and 47.6% in 2005. In contrast, only 3.6% of the businesses in Manufacturing Value Chain employ 100 or more workers, and these businesses provide 52.4% of Manufacturing Value Chain jobs.

Figure 52 Distribution of Firms and Jobs in Manufacturing Value Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	50.8%	4.1%
5-9	18.3%	6.3%
10-19	14.2%	9.9%
20-49	9.5%	14.4%
50-99	3.6%	12.9%
100-249	2.6%	19.8%
250-499	0.5%	8.9%
500+	0.5%	23.6%

Businesses with fewer than 50 employees provided 34.7% of all Manufacturing Value Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 46.7% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 10.48% of all Manufacturing Value Chain jobs, compared to 15.7% of all private industry jobs.

Design reported the highest percentage of businesses fewer than 100 employees, at 98.6%; Production reported the lowest percentage, at 93.5%. The percentage of Manufacturing Value Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure53**.

Figure 53 provides a summary of facts for the Manufacturing Value Chain cluster components.

Figure 53 Manufacturing Value Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Design	21,900	31.0%	0.9	$ 54,996	98.6%	96.4%
Production	45,700	-7.6%	0.6	$ 64,466	93.5%	88.2%
Logistics	18,800	2.9%	0.8	$ 40,363	95.7%	91.2%
Manufacturing Chain Totals	**86,400**	**2.4%**	**0.7**	**$ 56,822**	**96.4%**	**92.7%**

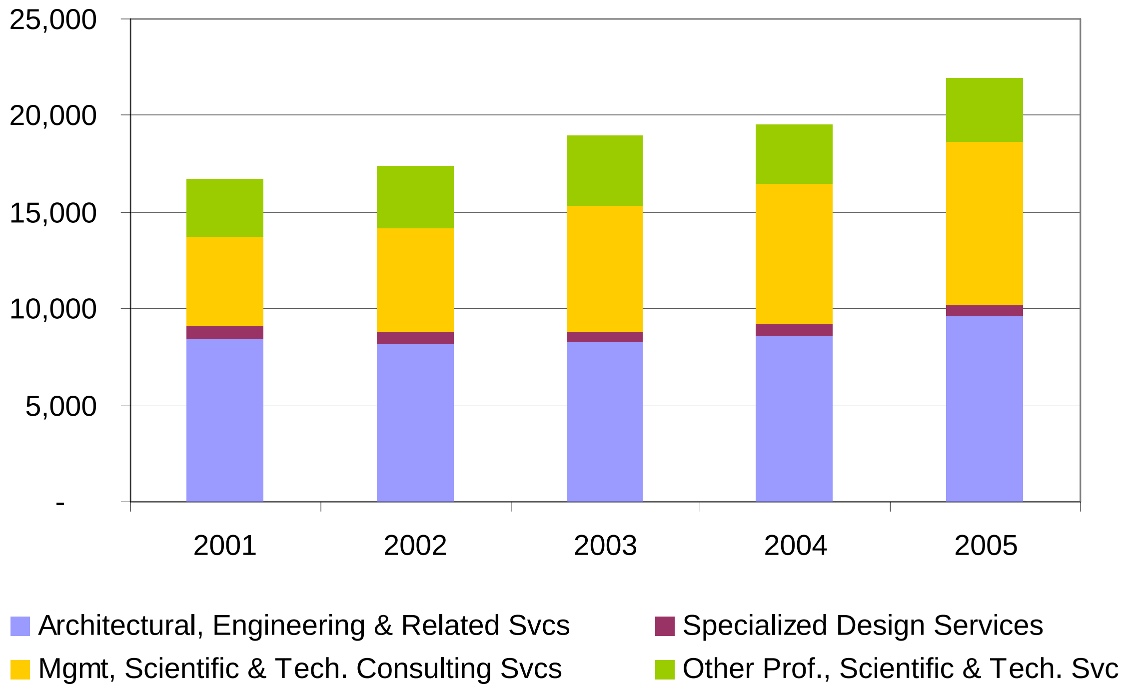
* Employment rounded to nearest 100. Some employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Design

The Design component of the Manufacturing Value Chain provided 21,900 jobs for the region in 2005, and grew by almost 5,200 jobs, or 31%, from 2001 to 2005.

Within Design, Architectural, Engineering & Related Services is the largest industry group with 9,600 jobs in 2005; this industry reported job growth of almost 1,200 jobs or 13.7% from 2001 to 2005. Management, Scientific & Technical Consulting Services is the second largest industry in Design, with almost 8,400 jobs in 2005, and reported the greatest number and percentage of job growth during the period, up 3,700 jobs, or 79.6%.

Figure 54 Design Employment 2001-2005



The Greater Sacramento Region has a lower concentration of Design jobs than found at the statewide level, at 1.2 LQ. **Figure 55** shows the concentration for each Design industry group.

Overall, the average annual wage for the Design industries was $54,996 in 2005; this was up from $48,723 in 2001, an increase of 25.9%. Design jobs have a slightly lower average wage than the Manufacturing Value Chain as a whole, which was $56,822 in 2005, but are significantly higher than the region's average wage for all private industry jobs ($39,267 in 2005). Within Design, the highest average annual wage was reported by Architectural, Engineering & Related Services, at $65,896 in 2005.

Figure 55 provides a summary of economic facts for the Design industries.

Figure 55 Manufacturing Value Chain - Design

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
5413	Architect.,Engineering & Rel.Svcs	9,600	13.7%	0.9	$ 65,896	99.0%	95.5%
5414	Specialized Design Svcs	600	-6.0%	0.4	$ 45,700	100.0%	100.0%
5416	Mgmt, Sci. & Tech.Consulting Svcs	8,400	79.6%	1.0	$ 53,119	98.5%	97.0%
5419	Other Prof, Scientific & Tech Svcs	3,300	12.0%	1.0	$ 29,892	98.8%	96.6%
	Design Totals	**21,900**	**31.0%**	**0.9**	**$ 54,996**	**98.6%**	**96.4%**

* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Production

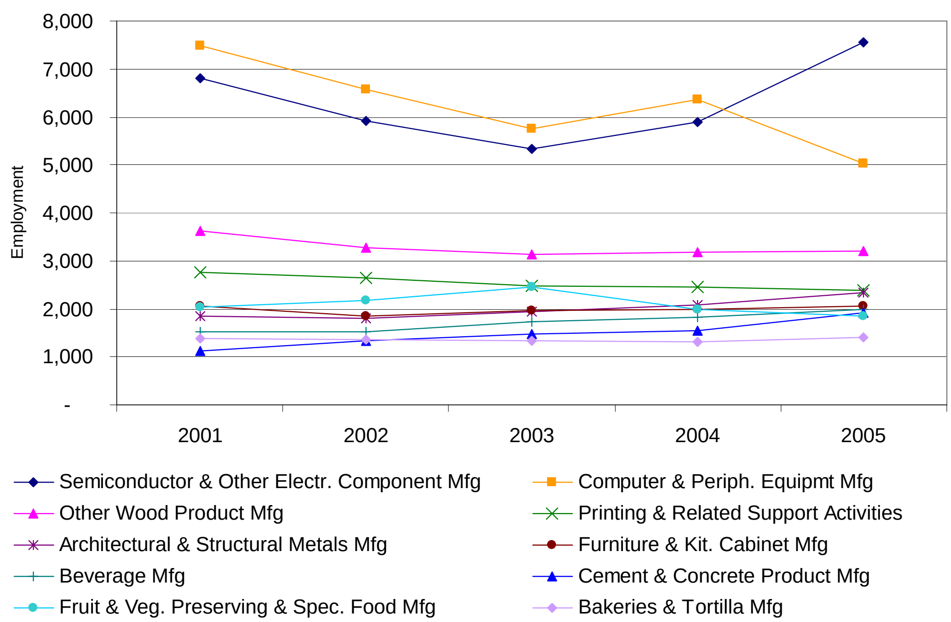
The Production component of the Manufacturing Value Chain provided 52.9% of the cluster's jobs in 2005 and 5% of all of the region's jobs, although the sector experienced job losses from 2001 to 2005, declining by 3,700 jobs or 7.6% (some employment was suppressed due to confidentiality).

Within Production, the largest industry is Semiconductor & Other Electronic Component Manufacturing, with over 7,500 jobs in 2005; this industry reported job growth of over 700 jobs, or about 10%, from 2001 to 2005. The second largest industry is Computer & Peripheral Equipment Manufacturing, with just over 5,000 jobs in 2005; this industry reported job losses of almost 2,500 jobs since 2001, down 33%. These were followed in employment size by Other Wood Product Manufacturing, with almost 3,200 jobs in 2005; Printing and Related Support Activities, with almost 2,400 jobs; and, Architectural & Structural Metals Manufacturing, with over 2,300 jobs.

The fastest growing industry in Production was Hardware Manufacturing, up 1375%; however, this could be misleading for economic development and workforce investment planning, as it is an especially small industry (employment is suppressed due to confidentiality). The second fastest growing industry was Iron & Steel Mills & Ferroalloy Manufacturing, up 878% from 2001 to 2005; another small industry, this represented an increase of about 80 jobs. This was followed by Aerospace Product and Parts Manufacturing, up 253% (employment is suppressed due to confidentiality); and, Other Nonmetallic Mineral Product Manufacturing, up 183%, an increase of about 160 jobs.

Figure 56 shows the employment change from 2001 to 2005 for the ten largest industry groups within Production, based on 2005 employment. Employment change for all Production industry groups is presented in **Figure 57**.

Figure 56 Production Top Ten Industries Employment 2001-2005



The Greater Sacramento Region has a lower concentration of Production jobs overall than found at the statewide level; however, some industries within Production have higher concentrations. The highest of these include Other Wood Product Manufacturing (2.2 LQ), Veneer, Plywood & Engineered Wood Product Manufacturing (2.1 LQ), Clay Product & Refractory Manufacturing (2.0 LQ), and Grain & Oilseed Milling (1.7 LQ).

Overall, the average annual wage for the Production industries was $60,416 in 2005, up from $51,619 in 2001 (up 17%), and is higher than the region's average wage for all private industry jobs ($39,267 in 2005). Within Production, the highest average annual wage was reported by Computer and Peripheral Equipment Manufacturing, at $125,976 in 2005. This was followed by Semiconductor & Other Electronic Component Manufacturing, at $99,404. The lowest average wage was reported by Apparel Accessories & Other Apparel Manufacturing, at $17,197, which is significantly lower than the regional average.

Figure 57 provides a summary of economic facts for the Production industries.

Figure 57 Manufacturing Value Chain - Production

NAICS	Industry	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
3111	Animal Food Mfg	< 50	-51.9%	0.1	$ 48,980	100.0%	100.0%
3112	Grain & Oilseed Milling	500	1.0%	1.7	$ 47,299	0.0%	0.0%
3113	Sugar & Confectionery Product Mfg	200	-58.2%	0.3	$ 27,321	100.0%	100.0%
3114	Fruit & Veg Presrv. & Spec.Food Mfg	1,900	-8.9%	0.9	$ 46,939	100.0%	100.0%
3115	Dairy Product Mfg	S	-12.0%	0.5	$ 45,690	S	S
3116	Animal Slaughtering & Processing	200	-34.3%	0.2	$ 44,546	100.0%	100.0%
3117	Seafood Product Prep & Packaging	S	-87.8%	0.0	S	S	S
3118	Bakeries & Tortilla Mfg	1,400	1.7%	0.6	$ 37,318	94.1%	94.1%
3119	Other Food Mfg	1,000	-30.0%	0.8	$ 36,213	100.0%	100.0%
3121	Beverage Mfg	2,000	29.7%	0.9	$ 39,661	92.3%	79.5%
3122	Tobacco Mfg	0	N/A	N/A	N/A	N/A	N/A
3131	Fiber, Yarn & Thread Mills	0	S	N/A	N/A	N/A	N/A
3132	Fabric Mills	S	50.0%	0.0	$ 20,977	S	S
3133	Textile, Fabric Finishing & Coating Mills	< 50	-36.0%	0.1	$ 32,472	100.0%	100.0%
3141	Textile Furnishings Mills	S	-13.4%	1.3	$ 18,904	100.0%	100.0%
3149	Other Textile Product Mills	200	-36.4%	0.4	$ 27,669	100.0%	100.0%
3151	Apparel Knitting Mills	0	-100.0%	0.0	N/A	N/A	N/A
3152	Cut & Sew Apparel Mfg	100	-76.5%	0.0	$ 21,415	100.0%	100.0%
3159	Apparel Accessories & Other Apparel Mfg	S	33.3%	0.0	$ 17,197	S	S
3161	Leather & Hide Tanning & Finishing	0	N/A	N/A	N/A	N/A	N/A
3162	Footwear Mfg	S	-60.0%	0.0	S	S	S
3169	Other Leather & Allied Product Mfg	< 50	27.3%	0.1	$ 27,500	100.0%	100.0%
3211	Sawmills & Wood Preservation	700	-3.2%	1.4	$ 46,602	S	S
3212	Veneer, Plywood & Eng. Wood Prod. Mfg	1,000	2.0%	2.1	$ 39,373	100.0%	50.0%
3219	Other Wood Product Mfg	3,200	-11.8%	2.2	$ 37,973	84.8%	69.7%
3221	Pulp, Paper & Paperboard Mills	S	#DIV/0!	0.2	$ 36,299	S	S
3222	Converted Paper Product Mfg	600	7.5%	0.4	$ 46,695	100.0%	84.2%

3231	Printing & Related Support Activities	2,400	-13.8%	0.7	$ 39,450	98.5%	95.5%
3241	Petroleum & Coal Products Mfg	200	141.9%	0.2	$ 51,656	100.0%	100.0%
3251	Basic Chemical Mfg	200	-15.5%	0.7	$ 72,691	S	S
3252	Resin, Synth. Rubber, Artificial Fibers Mfg	100	20.4%	0.4	$ 49,819	S	S
3253	Pesticide, Fertilizer & Other Ag.Chem.Mfg	200	6.5%	0.9	$ 47,015	100.0%	100.0%
3255	Paint, Coating, & Adhesive Mfg	100	123.7%	0.2	$ 52,340	S	S
3256	Soap, Cleaning Compd, & Toilet Prep Mfg	200	-14.3%	0.2	$ 61,568	100.0%	100.0%
3259	Other Chemical Product & Prep Mfg	< 50	-81.0%	0.1	$ 47,640	100.0%	100.0%
3261	Plastics Product Mfg	1,000	-25.4%	0.3	$ 37,021	100.0%	89.3%
3262	Rubber Product Mfg	200	-17.3%	0.5	$ 46,426	100.0%	100.0%
3271	Clay Product & Refractory Mfg	600	-1.0%	2.0	$ 38,055	100.0%	100.0%
3272	Glass & Glass Product Mfg	100	58.5%	0.3	$ 39,196	100.0%	100.0%
3273	Cement & Concrete Product Mfg	1,900	69.6%	1.3	$ 50,092	86.3%	86.3%
3274	Lime & Gypsum Product Mfg	100	86.3%	0.7	$ 20,876	S	S
3279	Other Nonmetallic Mineral Product Mfg	200	182.8%	0.5	$ 40,510	100.0%	100.0%
3311	Iron & Steel Mills & Ferroalloy Mfg	100	877.8%	0.5	$ 59,945	100.0%	100.0%
3312	Steel Product Mfg from Purchased Steel	S	6.3%	0.1	$ 45,159	S	S
3313	Alumina & Aluminum Prodctn & Proc.	S	-4.5%	0.3	$ 31,300	S	S
3314	Nonferrous Metal Production & Proc.	S	-55.4%	0.2	$ 24,097	S	S
3315	Foundries	< 50	10.7%	0.1	$ 28,382	100.0%	100.0%
3321	Forging & Stamping	< 50	37.5%	0.1	$ 52,123	100.0%	100.0%
3322	Cutlery & Handtool Mfg	< 50	-68.0%	0.1	$ 39,215	100.0%	100.0%
3323	Architectural & Structural Metals Mfg	2,300	27.6%	1.1	$ 39,447	93.6%	88.5%
3324	Boiler, Tank, & Shipping Container Mfg	200	21.4%	0.5	$ 52,343	100.0%	100.0%
3325	Hardware Mfg	S	1375%	0.2	$ 76,765	S	S
3326	Spring & Wire Product Mfg	< 50	-24.6%	0.2	$ 42,564	100.0%	100.0%
3327	Machine Shops Mfg	900	-13.9%	0.4	$ 42,150	100.0%	100.0%
3328	Coating, Engraving, Heat Treatng Activ.	200	-4.1%	0.1	$ 28,251	100.0%	100.0%
3329	Other Fabricated Metal Product Mfg	300	86.9%	0.3	$ 43,942	100.0%	100.0%
3331	Ag, Construction, & Mining Machinery Mfg	300	53.8%	1.1	$ 37,848	100.0%	100.0%
3332	Industrial Machinery Mfg	200	-11.1%	0.2	$ 41,126	100.0%	100.0%
3333	Commercial & Svc Ind. Machinery Mfg	100	-50.0%	0.1	$ 39,813	100.0%	100.0%
3334	Ventil., Heatg, Air-Cond & Refrig. Mfg	200	-41.7%	0.6	$ 54,022	100.0%	100.0%
3335	Metalworking Machinery Mfg	400	8.4%	0.5	$ 49,055	100.0%	100.0%
3336	Engine, Turbine & Transmissn Eqpmt Mfg	S	-16.9%	0.2	$ 48,153	S	S
3339	Other General Purpose Machinery Mfg	300	-23.2%	0.3	$ 54,518	100.0%	100.0%
3341	Computer & Peripheral Equipment Mfg	5,000	-33.0%	1.4	$125,976	78.6%	78.6%
3342	Communications Equipment Mfg	100	-44.8%	0.1	$ 48,889	100.0%	100.0%
3343	Audio & Video Equipment Mfg	100	-5.4%	0.1	$ 42,121	S	S
3344	Semiconductor & Other Elec Comp Mfg	7,500	10.7%	1.1	$ 99,404	86.8%	86.8%
3345	Navigational, & Electr. Instruments Mfg	1,400	-36.7%	0.2	$ 59,264	94.1%	94.1%
3346	Mfg & Reprod. Magnetic, Optical Media	100	-69.1%	0.1	$ 54,305	100.0%	100.0%
3351	Electric Lighting Equipment M Mfg	100	16.3%	0.2	$ 55,316	100.0%	100.0%
3352	Household Appliance Mfg	S	-19.6%	0.3	$ 29,664	S	S

3353	Electrical Equipment Mfg	600	-4.9%	1.1	$ 52,732	100.0%	100.0%
3359	Other Elec. Equipmt & Component Mfg	200	-4.9%	0.3	$ 45,825	100.0%	100.0%
3361	Motor Vehicle Mfg	S	-98.8%	0.0	$ 90,396	S	S
3362	Motor Vehicle Body & Trailer Mfg	400	-11.6%	0.6	$ 34,003	100.0%	100.0%
3363	Motor Vehicle Parts Mfg	1,100	10.2%	0.8	$ 35,641	85.7%	75.0%
3364	Aerospace Product & Parts Mfg	S	252.7%	0.4	$ 79,353	100.0%	100.0%
3371	Househld, Instit. Furn & Kit. Cabinet Mfg	2,100	-1.0%	0.8	$ 32,960	97.7%	93.0%
3372	Office Furniture (including Fixtures) Mfg	300	-33.8%	0.4	$ 33,384	100.0%	100.0%
3379	Other Furniture Related Product Mfg	400	8.3%	0.9	$ 26,021	100.0%	100.0%
	Production Totals, Non-suppressed****	**45,700**	**-7.6%**	**0.6**	**$ 60,416**	**93.5%**	**88.2%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some data was suppressed due to confidentiality.
**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

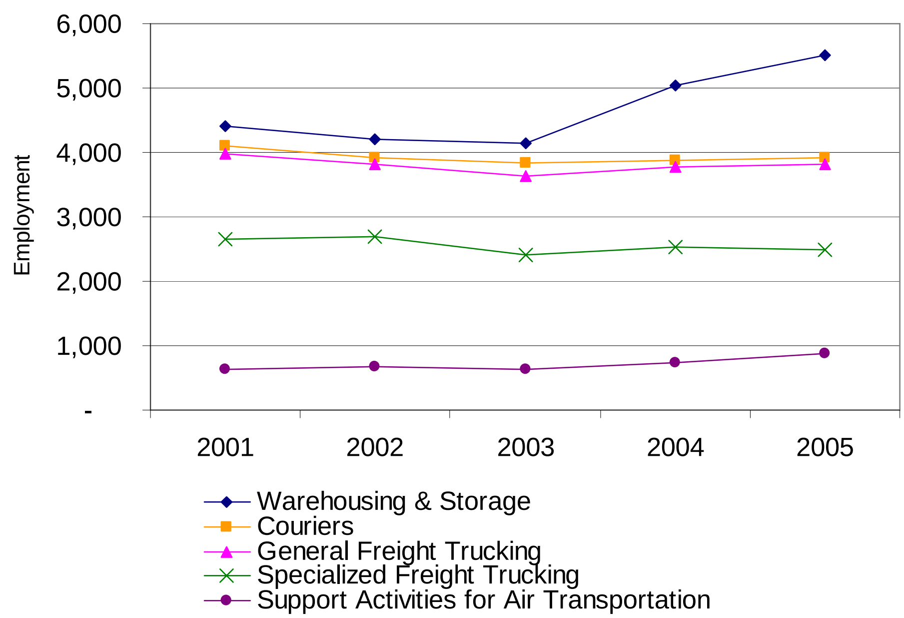
Logistics

The Logistics component of the Manufacturing Value Chain provided 21.7% of the cluster's jobs in 2005, at almost 18,800 jobs. Logistics grew by about 500 jobs from 2001 to 2005, up 3%.

Within Logistics, the largest industry is Warehousing and Storage, providing 5,500 jobs in 2005. The industry grew by almost 1,100 jobs from 2001, or 25%. The second largest industry is Couriers, with 3,900 jobs in 2005, although down almost 200 jobs from 2001, or -4.5%.

Figure 58 shows the employment change for the five largest industries within Logistics, from 2001 to 2005.

Figure 58 Logistics Top Five Industries Employment 2001-2005



The Greater Sacramento Region has a slightly lower concentration of Logistics jobs overall (0.8 LQ) than found at the statewide level; however, some industries within Logistics have higher concentrations, including Pipeline Transportation of Natural Gas (10.8 LQ) (employment is suppressed for this industry due to confidentiality); Postal Service (1.9 LQ) (employment is suppressed for this industry due to confidentiality); Inland Water Transportation (1.8 LQ); Warehousing & Storage (1.4 LQ); and, Couriers (1.1 LQ).

Overall, the average annual wage for the Logistics industries was $38,435 in 2005; this was up from $33,727 in 2001, an increase of 14%. Support Activities for Water Transportation reported the highest average wage, at $99,502, while Local Messengers & Local Delivery reported the lowest, at $27,328.

Figure 59 provides a summary of economic facts for the Logistics industries.

Figure 59 Manufacturing Value Chain - Logistics

NAICS	Industry	2005 Emplymt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
4811	Scheduled Air Transportation	600	-27.4%	0.2	$ 39,399	100.0%	100.0%
4812	Nonscheduled Air Transportation	100	-12.2%	0.5	$ 39,118	100.0%	100.0%
4821	Rail Transportation	0	N/A	0.0	N/A	N/A	N/A
4831	Deep Sea, Coastal Water Transp.	0	N/A	0.0	N/A	N/A	N/A
4832	Inland Water Transportation	100	133.3%	1.8	$ 36,905	S	S
4841	General Freight Trucking	3,800	-4.1%	0.9	$ 35,244	96.1%	90.8%
4842	Specialized Freight Trucking	2,500	-6.3%	0.9	$ 36,312	98.8%	97.2%
4861	Pipeline Transportation of Crude Oil	0	N/A	0.0	N/A	N/A	N/A
4862	Pipeline Transp. of Natural Gas	S	S	10.8	$ 78,208	S	S
4869	Other Pipeline Transportation	S	S	0.6	$ 80,985	S	S
4881	Support Activities for Air Transp.	900	40.1%	0.8	$ 38,709	100.0%	93.2%
4882	Support Activities for Rail Transp.	0	N/A	0.0	N/A	N/A	N/A
4883	Support Activities for Water Transp.	100	-32.5%	0.0	$ 99,502	100.0%	100.0%
4884	Support Activities for Road Transp.	700	8.7%	0.8	$ 29,329	100.0%	100.0%
4885	Freight Transportation Arrangement	300	5.6%	0.2	$ 62,842	100.0%	100.0%
4889	Other Support Activities for Transp.	S	S	0.0	$ 30,464	S	S
4911	Postal Service	S	S	1.9	$ 36,957	S	S
4921	Couriers	4,000	-4.5%	1.1	$ 37,330	89.1%	78.2%
4922	Local Messengers & Local Delivery	400	-28.1%	0.7	$ 27,328	100.0%	100.0%
4931	Warehousing & Storage	5,500	24.9%	1.4	$ 36,625	86.5%	78.8%
	Logistics Totals, Non-supressed****	**18,800**	**2.9%**	**0.8**	**$ 38,435**	**95.7%**	**91.2%**

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some data was suppressed due to confidentiality. "S" means suppressed due to confidentiality.
**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

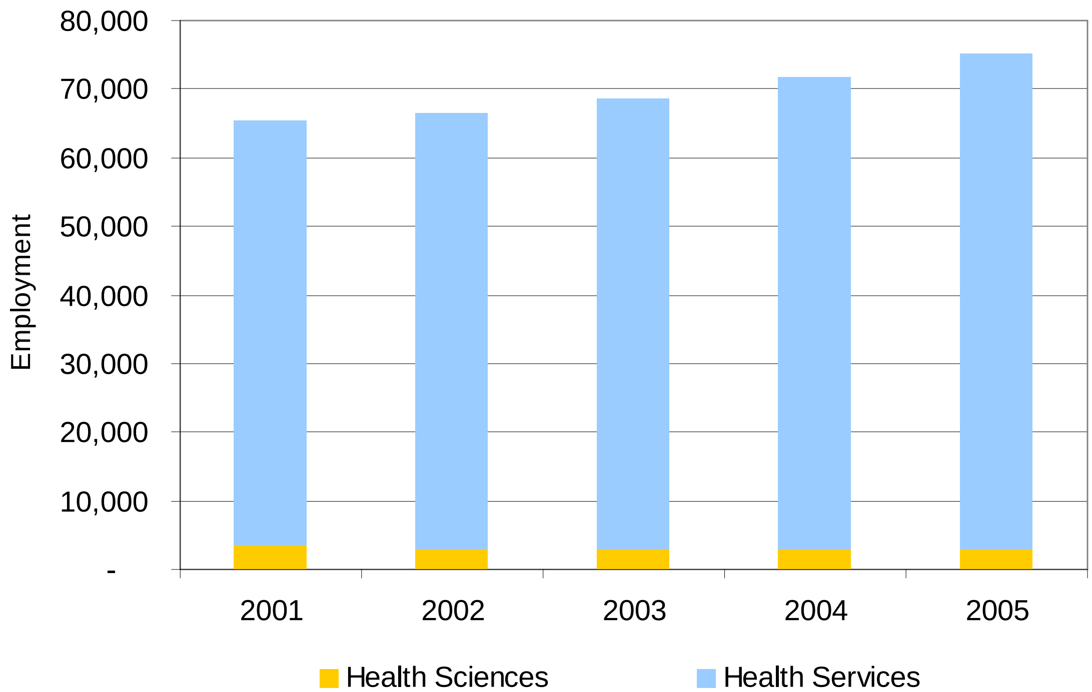
HEALTH SCIENCES & SERVICES

The Health Sciences and Services cluster integrates two critical components of the health industry: Health sciences include activities focused on the development of a body of knowledge through scientific research in medicine, pharmacology, biology, drug discovery, genomics, and many other areas. Health services focus on the delivery of health care to patients; employment in this sector is comprised of medical and support staff in many settings, including hospitals, clinics, care facilities, at home, and on-line.

The Health Sciences & Services cluster includes health care services, such as offices of physicians, dentists, other health practitioners and other outpatient care facilities; hospitals; laboratories; home health care; nursing care and other residential care facilities. It also includes community, emergency and other relief services; vocational rehabilitation services; and, death care services. Within health sciences, the cluster includes pharmaceutical and medicine manufacturing; medical equipment and supplies manufacturing; and, scientific research and development (R&D) services.

In 2005, the Health Sciences & Services cluster provided 75,100 jobs, or 8% of all jobs in the region, and experienced overall growth of over 9,600 jobs, or 14.7%, from 2001 to 2005. The Health Services component of this cluster reported 72,100 jobs in 2005, and the Health Sciences component reported 3,000 jobs.

Figure 60 Health Sciences & Services Employment 2001-2005



Size of Business

From 2001 to 2005, the percentage of Health Sciences & Services businesses with fewer than 100 employees remained constant at 97.5% in 2001 and 97.4% in 2005. These businesses provided 47.2% of Health Sciences & Services employment in 2001, and 47.7% in 2005. In contrast, only 2.6% of the businesses in Health Sciences & Services employ 100 or more workers, and these businesses provide 52.3% of Health Sciences & Services jobs.

Figure 61 Distribution of Firms and Jobs in Health Sciences & Services by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment*
0-4	47.4%	5.1%
5-9	26.6%	9.4%
10-19	13.0%	9.1%
20-49	7.1%	11.7%
50-99	3.2%	12.2%
100-249	1.9%	15.3%
250-499	0.3%	5.2%
500+	0.3%	31.9%

* Percentages may not add to 100% due to rounding.

Businesses with fewer than 50 employees provided 35.4% of all Health Sciences & Services jobs in 2005; in comparison, businesses with fewer than 50 employees provided 46.7% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 14.6% of all Health Sciences & Services jobs, compared to 15.7% of all private industry jobs.

Health Sciences reported 98.2% of its firms as having fewer than 100 employees in 2005, while Health Services reported 97.4%. The percentage of Health Sciences & Services firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 62**.

Figure 62 provides a summary of facts for the Health Sciences & Services cluster components.

Figure 62 Health Sciences & Services

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
Health Sciences	3,000	-13.7%	0.3	$ 52,831	100.0%	94.4%
Health Services	72,100	16.3%	1.0	$ 47,936	97.4%	94.2%
Health Sciences & Svcs Totals	**75,100**	**14.7%**	**0.9**	**$ 48,132**	**97.4%**	**94.1%**

* Employment rounded to nearest 100. Total employment may not equal sum of components due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some employment by size of firm may have been suppressed due to confidentiality.

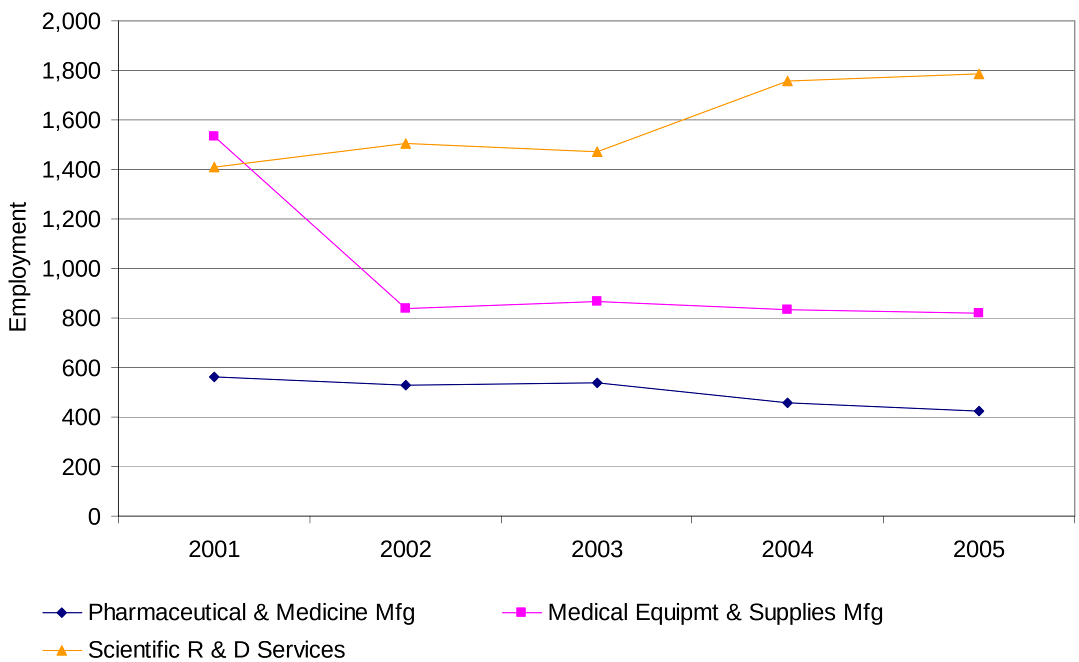
Health Sciences

Health Sciences is the smaller of the two components in the region's Health Sciences & Services cluster, reporting 3,000 jobs in 2005. Health Sciences experienced job losses of 13.7%, a decrease of almost 500 jobs from 2001 to 2005.

The largest industry group by far within Health Sciences is Scientific Research & Development Services, with almost 1,800 jobs in 2005; this industry gained almost 400 jobs from 2001 to 2005 (up 26.7%). This was the only Health Sciences industry to gain employment during this period. Medical Equipment & Supplies Manufacturing is the second largest, with over 800 jobs; however it reported job losses during this period, down over 700 jobs, or 46.8%. These losses occurred primarily from 2001 to 2002.

Figure 63 shows employment change for the Health Sciences industry groups from 2001 to 2005.

Figure 63 Health Sciences Industries Employment 2001-2005



The region has a much lower concentration of Health Sciences jobs than found at the statewide level (0.3 LQ), and this is also true for all three industry groups within Health Sciences.

The average annual wage for Health Sciences was $52,831 in 2005, which represents a decrease of 4.1% since 2001. The Health Sciences average annual wage is much higher than the regional average for all private industry of $39,267.

Figure 64 provides a summary of economic facts for the Health Sciences industries.

Figure 64 Health Sciences & Services Cluster - Health Sciences

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
3254	Pharmaceutical & Medicine Mfg	400	-24.8%	0.2	$ 60,626	100.0%	100.0%
3391	Medical Equipment & Supplies Mfg	800	-46.8%	0.3	$ 45,473	100.0%	95.3%
5417	Scientific R & D Svcs	1,800	26.7%	0.3	$ 54,354	100.0%	93.4%
	Health Sciences Totals	**3,000**	**-13.7%**	**0.3**	**$ 52,831**	**100.0%**	**94.4%**

* Employment rounded to nearest 100.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some employment by size of firm may have been suppressed due to confidentiality.

Health Services

Health Services is the largest component of the Health Sciences & Services cluster. Health Services reported 75,100 jobs in 2005; this represented growth of over 9,600 jobs, or 14.7% since 2001.

Within the cluster, the General Medical & Surgical Hospitals industry provides the most jobs, with almost 27,400 jobs in 2005. This industry experienced an increase of about 8,500 jobs, or 45.4%, from 2001 to 2005, which was the largest number of jobs gained by a Health Services industry group during this period. Second largest, Offices of Physicians reported almost 8,900 jobs in 2005, but experienced job losses of almost 3,700 jobs, down 29.4% during the period. The fastest growth was reported by Medical and Diagnostic Laboratories, up over 306% from 2001.

Figure 65 shows the employment change from 2001 to 2005 for the five largest Heath Services industries. **Figure 66** shows employment change for the remaining industries. Two charts were used in an effort to make the charts easier to read.

Figure 65 Health Services Top Five Industries Employment 2001-2005

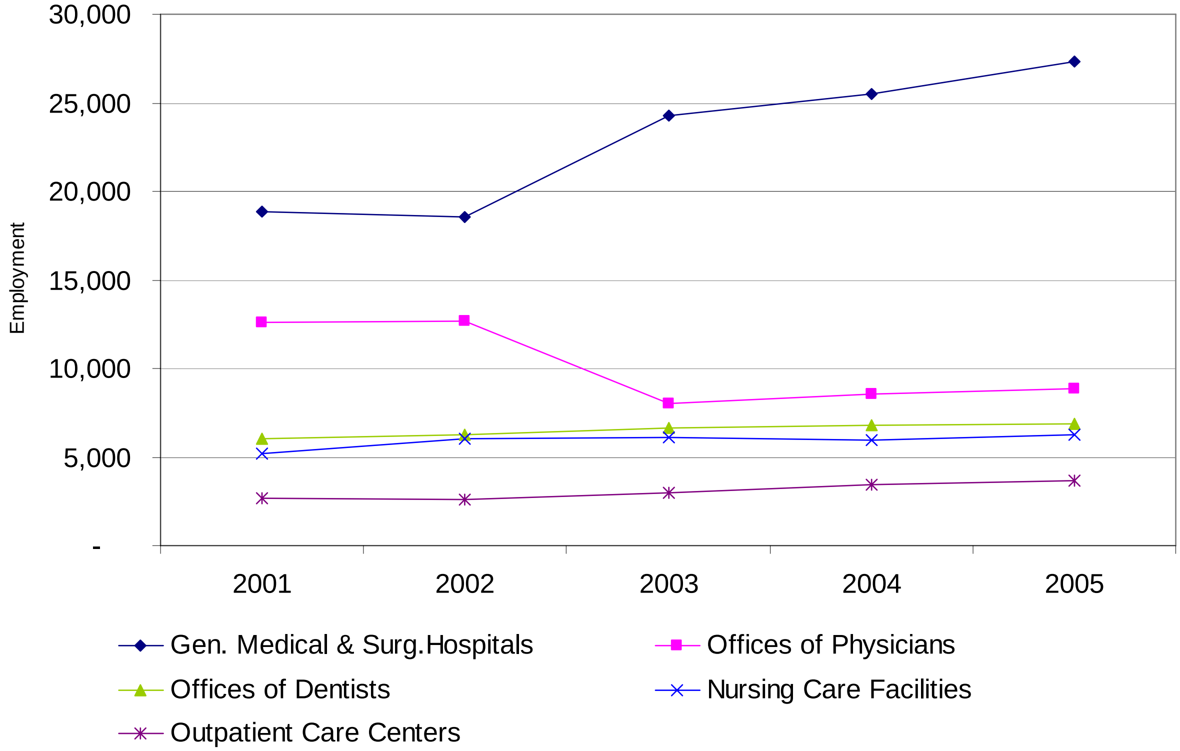
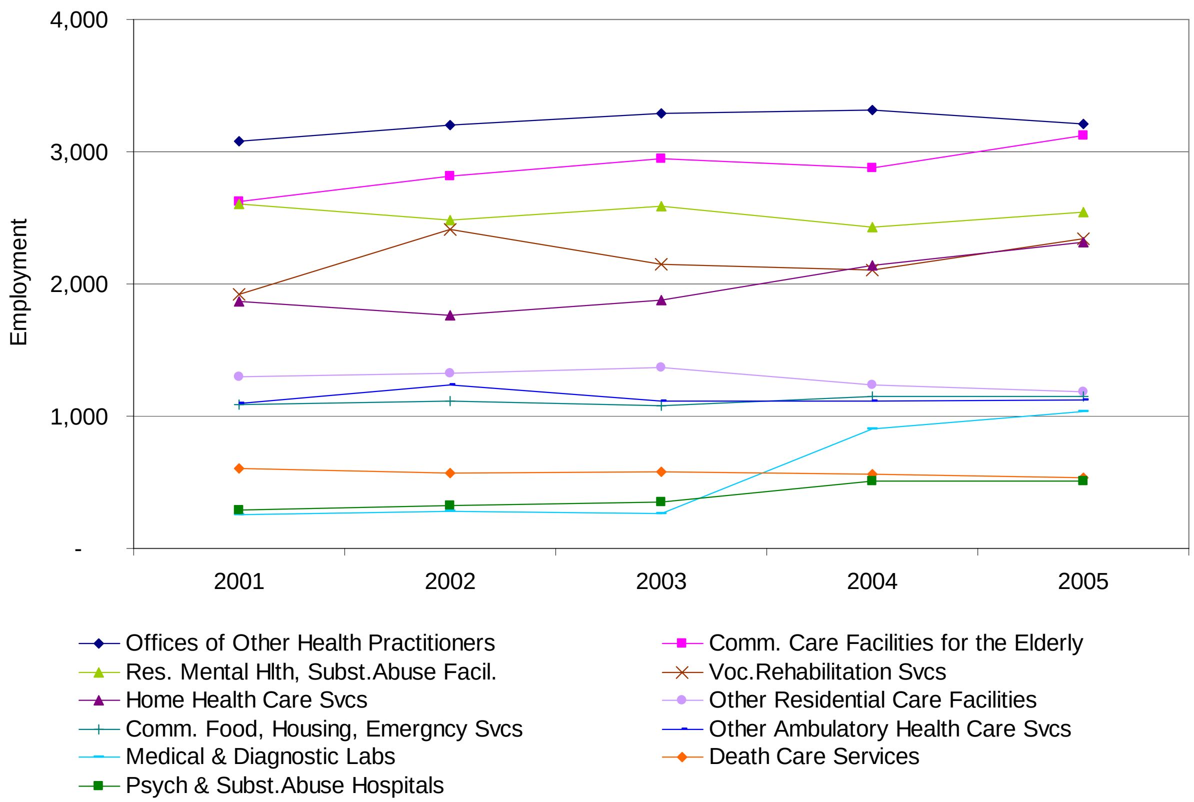


Figure 66 Health Services Remaining Industries Employment 2001-2005



The region has an equal concentration of Health Services jobs, compared to the statewide level. Industries with a somewhat higher concentration include Community Food, Housing, Emergency & Other Relief Services (1.3 LQ); General Medical & Surgical Hospitals (1.2 LQ); Outpatient Care Centers (1.2 LQ); Psychiatric & Substance Abuse Hospitals (1.2 LQ); and, Vocational Rehabilitation Services (1.1 LQ).

The average annual wage for Health Services was $47,936 in 2005, up $10,032 or 26.5% since 2001. Within Health Services, the Offices of Physicians industry reported the highest average wage of $71,459, while the Community Care Facilities for the Elderly industry reported the lowest average wage of $19,930.

Figure 67 provides a summary of economic facts for the Health Services industries.

Figure 67 Health Sciences & Services Cluster - Health Services

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
6211	Offices of Physicians	8,867	-29.4%	0.7	$ 71,459	99.2%	97.5%
6212	Offices of Dentists	6,885	13.6%	1.0	$ 41,156	100.0%	100.0%
6213	Offices of Other Health Practitioners	3,214	4.3%	0.9	$ 27,538	99.6%	99.6%
6214	Outpatient Care Centers	3,673	39.2%	1.2	$ 44,905	95.4%	84.0%
6215	Medical & Diagnostic Labs	1,032	306.3%	0.7	$ 44,359	100.0%	100.0%
6216	Home Health Care Services	2,313	23.6%	0.8	$ 31,806	93.3%	77.3%
6219	Other Ambulatory Health Care Svcs	1,121	2.4%	0.9	$ 49,710	87.5%	87.5%
6221	Gen. Medical & Surgical Hospitals	27,362	45.4%	1.2	$ 61,117	73.0%	61.8%
6222	Psych. & Subst. Abuse Hospitals	511	76.2%	1.2	$ 33,135	S	S
6223	Specialty Hospitals	S	5.5%	0.3	$ 50,090	S	S
6231	Nursing Care Facilities	6,230	20.6%	1.0	$ 27,068	54.4%	22.1%
6232	Residential Mental Health & Substance Abuse Facilities	2,544	-2.3%	0.9	$ 25,096	100.0%	98.3%
6233	Community Care Facilities for Elderly	3,121	19.1%	0.9	$ 19,930	100.0%	93.5%
6239	Other Residential Care Facilities	1,185	-8.6%	1.0	$ 22,907	100.0%	94.1%
6242	Community Food, Housing, Emergency & Other Relief Svcs	1,145	5.6%	1.3	$ 26,570	100.0%	91.1%
6243	Vocational Rehabilitation Services	2,338	21.6%	1.1	$ 21,116	94.8%	79.2%
8122	Death Care Services	536	-12.0%	0.9	$ 34,316	100.0%	100.0%
	Health Services Totals	**72,100**	**16.3%**	1.0	$ 47,936	**97.4%**	**94.5%**

* Employment rounded to nearest 100. Numbers may not add due to rounding.
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.
*** Some data was suppressed due to confidentiality. "S" means suppressed due to confidentiality.

ALL GOVERNMENT

All Government includes federal, state and local government jobs. Jobs in public education are reported in the state and local government sectors. Government jobs also include defense (reported at the federal level), law enforcement, firefighting and public services.

All Government continues to provide the greatest number of jobs for the Greater Sacramento Region, with 235,700 jobs for the region in 2005, or 25.1% of all jobs; this particularly high percentage reflects having the California State Capitol in the region. From 2001 to 2005, All Government reported job growth of 6,800 jobs, or 3%.

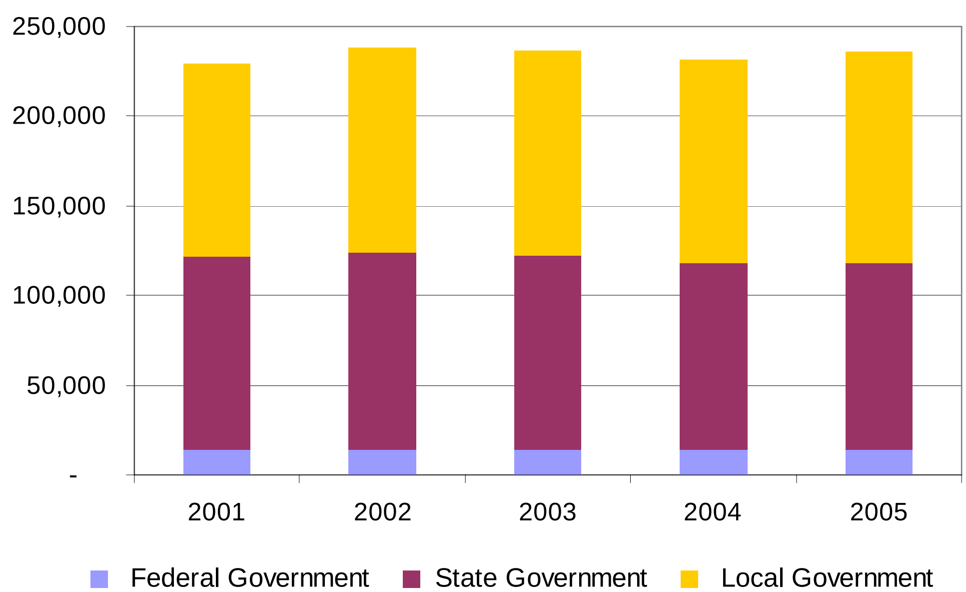
Local Government is the largest public sector, with 117,400 jobs in 2005, followed by State Government, with 103,900 jobs in 2005; Federal Government reported 14,300 jobs.

During this period, Local Government (including education) added 10,100 jobs, up 9.4%; this was led by Other Local Government (non-education).

State Government (including education) reported job losses of 3,500 jobs, down 3.3% (led by losses in State Government non-education jobs); and, Federal Government experienced no overall employment change.

Figure 68 shows employment change for the federal, state and local public sectors.

Figure 68 All Government Employment 2001-2005



All Government average annual wages include the wages for a broad spectrum of jobs, including elected officials and executive branch, judicial, defense, law enforcement, firefighting, education and other public administration jobs. The sector's average annual wage for the region in 2005 was $51,919. Within All Government, the average annual wage for Federal Government was $58,379; the average for State Government was $60,671; and, the average annual wage for Local Government was $41,748.

The region has a much higher concentration of All Government jobs (1.6 LQ) compared to the statewide level. This reflects having the California State Capitol in the region.

Figure 69 shows employment for each level of government from 2001-2005.

Figure 69 All Government

	2001	2002	2003	2004	2005
All Government	**228,900**	**237,600**	**236,600**	**231,800**	**235,700**
Federal Government	**14,300**	**14,400**	**14,400**	**13,900**	**14,300**
Department of Defense	1,400	1,200	1,800	1,700	1,800
Other Federal Government	9,200	9,400	7,600	7,300	7,600
State Government	**107,400**	**109,400**	**107,800**	**103,800**	**103,900**
State Government Education	24,600	25,600	26,100	26,200	26,600
Other State Government	82,800	83,700	81,700	77,600	75,800
Local Government	**107,300**	**114,000**	**114,500**	**114,100**	**117,400**
Local Government Education	60,200	64,600	63,400	62,800	63,200
Other Local Government	39,000	41,400	43,400	43,600	45,800

Source: California Employment Development Department
Some government employment may be suppressed due to confidentiality requirements.

CONCLUSION

The Greater Sacramento Region led the nine regions in job growth from 2001 to 2005, with overall job growth of 7.4%, despite the 2001 recession. The region also experienced population growth of 9.6%, second only to the San Joaquin Valley Region's 10.1% growth.

During this same time, the region's economic base experienced overall job losses of 2.6%. Within the economic base, only Tourism & Entertainment and Wholesale Trade & Transportation reported growth, and Professional, Business & Information Services reported almost no change.

Economists predict that the region will continue to grow faster than the state through 2014 or 2015[9], including in Trade, Transportation & Utilities; Financial Activities; Manufacturing; Leisure & Hospitality; and, Government. The rising share of the state's economic base jobs is also projected to continue.

The region has many competitive advantages to help insure its future prosperity. This includes its position as the home of the State Capitol and center of state government, and its location along a major interstate transportation route. Also, the region has grown its high-tech industry and is seeking to grow its Health Sciences & Services industry cluster, with anchors like the University of California, Davis Medical Center, and its medical and biotechnology research.

Challenges for the region include the rise in housing prices, without an equal increase in the median household income; continuing to grow high-wage and economic base jobs; and, sustaining a workforce that supports the continued diversification of the economy and the growth in high-tech, medical and scientific-related industries.

It will be important for policy-makers to respond to these challenges in ways that allow the businesses to innovate and be globally competitive, and the workforce to compete for good wages and career advancement opportunities as they strive for a better quality of life.

[9] Economists' projections cover varying periods of time. Sources for the information on projections include *California Economic Growth – 2006 Edition*, by the Center for Continuing Study of the California Economy, and the employment projections prepared by LMID.

TABLE OF FIGURES

California Economic Strategy Panel
801 K Street, Suite 2101
Sacramento, CA 95814
916-327-9064